Dismal fourth quarter partly masked by the full-year numbers in AA's regular check of top advertised brands

THE TOP 200 BRANDS

Spending up 10.7%, but cracks start to show

By R. Craig Endicott

Despite an eclipse in fourth-quarter spending, media advertising by the nation's 200 largest advertised brands grew 10.7% in 1990, according to *Advertising Age's* Top 200 Brands listing.

AT&T telephone services finished the year as the top advertised brand at $502.3 million, up 41.7% over 1989 as it focused on its long-distance business, which grew 110% to $289.9 million.

McDonald's restaurants, the leader in 1989, was runner-up at $426 million, down 0.5%. AT&T sprinted past McDonald's in the first quarter never to relinquish its lead in each succeeding quarterly listing.

The Top 200 flexed its collective muscles in 1990, claiming $15.6 billion in media, up 10.7% from $14.1 billion in 1989, to grab a 37.9% share of the total U.S. media pie. In 1989, the Top 200's share was 35.9%.

Advertising in media for all brands grew only 4.9% in 1990 to $41.1 billion.

But dark clouds were stirring. Full-year data mask a dismal fourth quarter for the Top 200. Their quarterly spending in newspapers, network TV, spot TV and network radio declined 1.3%, 1.6%, 0.5%, and 6.3%, respectively, compared with the same period in 1989. There were no media declines on a year-to-year basis. Overall, Top 200 spending rose only 0.5% to $4.25 billion in the closing quarter.

Woes drag into 1991

That year-end slump extended into the first quarter of 1991. Preliminary figures show a 4.5% decline in media spending compared with first quarter 1990 for all brands, according to the McCann-Erickson General Index of national advertising (AA, May 6).

Ad totals in this report are for 10 media provided by LNA/Arbitron Multi-Media Service and mark the first time spot radio has been included.

A "brand" is every product or service marketed under the same name. A brand's ad total can cross LNA/Arbitron-designated subclasses, but brand ad totals in this ranking include only amounts from those subclasses where spending exceeded $2 million.

Except in network and spot radio, media expenditures for the Top 200 grew at a much faster clip than spending by all brands. Network TV, the Top 200's lead medium, grew 12.8% to $6.2 billion in 1990 compared with 6% growth in spending by all network TV advertisers. The Top 200 contributed 61.4% of total network TV spending, up from 57.3% in 1989.

The elite group infused $3.2 billion into spot TV, up 8.4%, compared with $9.3 billion for all brands, up only 2.9%. The Top 200's showing in spot represented 34% of all spending in the medium, up from 32.2%.

The Top 200 showed less growth and clout in the two other mega-media categories, newspapers and consumer magazines.

Newspapers pulled $2.1 billion from the Top 200, up 3.8%. All newspaper advertising grew only 1.7% to $9.7 billion. The Top 200 claimed a 21.3% share of that total, up from 20.9% in 1989.

The Top 200 spent $2.02 billion in consumer magazines, advancing 2.7%, compared with 2.2% growth to $6.7 billion from all advertisers. The Top 200's share of total magazine spending was 30%, up from 29.9%.

General Motors Corp. claimed brand parent honors in backing its eight brands on the list with $1.03 billion, up 13.5%. It overtook runner-up Philip Morris Cos. in the fourth quarter. Philip Morris finished with $816.6 million from nine brands, up 9.3%. GM relied heavily on network TV, claiming one-tenth of the Top 200's expenditures in that medium.

The auto category dominated the Top 200 with $3.4 billion for the year, up 13.8%. Half the category total was in network TV, which grew 20.5% in volume in 1990. Only consumer magazines showed a decline in auto category spending, down 0.4% to $715.6 million.

Growth in the 29-brand auto segment came largely from the Japanese. Eight Japanese brands contributed 52.4% of the $414.1 million in new ad dollars spent by the category in 1990 over the prior year.

The retail category, consisting of 23 brands, grew 6.3% for the year to $1.88 billion. Its leading spender, No. 3 Sears stores, increased its advertising only 1.8% to $421.6 million. Even with the minimal ad growth registered by most retailers, only four brands logged year-to-year declines in advertising.

Newspaper spending by these retailers increased 2% to $958 million, representing 50.4% of the category total. Retailers appear to have diverted spot TV dollars into network TV, the latter rising to $278.4 million, up 24%, while the former flattened out at $358.8 million, up only 1.8%.

Advertising from the 18-brand food category grew 7.9% to $1.55 billion, led by No. 4 Kellogg's breakfast foods at $379.7 million, down 4.6%. The category got its strongest boost from Kraft foods, No. 10, which pumped 22.2% more ad dollars into media in 1990 than in 1989.

The definite media bias of the food category was TV (network, spot, syndication, cable), which accounted for 90% of the category's total spending, up from 88% of the total in 1989. Network TV grabbed $822.9 million, up only 1%, while spot collected $282.3 million, up 26%.

The restaurant category grew 5.8% to $1.23 billion, although ad volume leader McDonald's skidded to a narrow decline as did No. 134 Hardee's restaurants, No. 28 Kentucky Fried Chicken restaurants and No. 48 Wendy's restaurants. Taco Bell restaurants, No. 56, outgrew the rest with a 24% gain.

Entertainment and media proved one of the brighter spots. There were no year-to-year declines in spending as the 15-brand category grew 17.9% to $1.11 billion for the year. No. 27 Warner books, movies and video led the pack with $122 million, up 14.2%.

Toys, new to the full-year list, owed its presence to final-quarter spending. The category's five brands rose only 0.2% from the prior year.

But for No. 141 Tyco toys, the category's fourth-quarter ad volume would have declined from the prior year. Tyco, up 51% in that period to $26.3 million, carried the category's quarterly spending to a 6% gain. The quarter accounted for 58% of the category's 1990 expenditures.

Fourth-quarter blues

While the auto category advanced 6.8% to $984.9 million, spending from 13 auto brands declined in the fourth quarter.

Ten of those brands were foreign, including six Japanese brands. This left GM largely responsible for the increase. GM poured $353.6 million in advertising into the media, up 13.8%. Only Pontiac cars and vans had lower spending among its brands in the fourth quarter than in the prior-year period.

Retail advertising dried up in the fourth quarter as the category declined 2.4% to $592.9 million. Eleven of 23 retail brands spent less than in the prior-year period. Department stores dropped a collective 10.2% while the remaining brands grew by 0.04%.

Half of the 18 food brands experienced fourth-quarter declines as category advertising dropped 1.5% to $371.7 million. Media backing for Kellogg's breakfast foods plunged 21.6% while media support behind Kraft foods dropped 46%. Kraft still had the category's biggest year-to-year gain. The quarter is traditionally a strong one for food advertising.

The 10-brand restaurant category declined 3.7% in media advertising to $281.3 million in the quarter. McDonald's 18.9% slippage created the overall decline. Without McDonald's the category would have grown 5.3%. Lest McDonald's be overly singled out, three other restaurant brands also produced quarterly declines, while three more increased spending by less than 3% each.

Final-quarter spending for airline brands was a great deal slower than full year, where eight brands showed a 4.2% growth to $513.5 million despite the fact that four spent less in 1990 than 1989. Collective growth in the quarter dropped 10.7% to $112.3 million as five shaved their spending from fourth quarter 1989.

Beer, the only major category to spend less in 1990 than in 1989, drew $39 million fewer dollars from its four brands, a 4.1% decline to $508.2 million for the year. Virtually all reduced spending occurred in the fourth quarter, however, when category advertising dropped $32 million from the previous-year level.

While media spending for 47 of the Top 200 dropped for the year, almost twice that number showed fourth-quarter declines. □

Top 10 categories among Top 200 brands in 1990

Rank	Category	Measured ad spending 1990	1989	% chg	Ad spending by media Print	Broadcast	Outdoor	Number of brands
1	Automotive	$3,405.8	$2,991.7	13.8	$872.6	$2,519.6	$13.6	29
2	Retail (non-food)	1,880.0	1,767.8	6.3	1,074.7	804.0	1.3	23
3	Food	1,546.1	1,432.9	7.9	127.3	1,417.4	1.4	18
4	Restaurants	1,229.1	1,161.3	5.8	10.4	1,207.2	11.6	10
5	Entertainment & media	1,110.7	941.9	17.9	394.0	709.3	7.4	15
6	Telephone	741.3	559.6	32.5	165.6	574.3	1.4	6
7	Beverages (non-alcoholic)	664.7	581.3	14.3	42.1	618.4	4.1	8
8	Cosmetics	550.4	459.8	19.7	178.5	371.7	0.2	12
9	Airline	513.5	493.0	4.2	288.1	220.7	4.8	8
10	Beer	508.2	547.0	(7.1)	23.9	473.8	10.5	4

Notes: Dollars are in millions. Totals include only brands from within the Top 200 in 1990. Source: LNA/Arbitron Multi-Media Service.

Top 10 parent cos. of brands in Top 200 for 1990

Rank	Company	Measured ad spending 1990	1989	% chg	Ad spending by media Print	Broadcast	Outdoor	Number of brands
1	General Motors Corp.	$1,033.1	$909.8	13.5	$238.8	$790.5	$3.8	8
2	Philip Morris Cos.	816.6	747.1	9.3	168.9	591.8	55.9	9
3	Sears, Roebuck & Co.	539.3	509.8	5.8	160.8	377.9	0.7	3
4	AT&T Co.	502.3	354.5	41.7	112.9	389.1	0.3	1
5	PepsiCo	462.3	413.5	11.8	10.2	448.9	3.3	4
6	McDonald's Corp.	426.0	428.1	(0.5)	3.9	417.0	5.2	1
7	Toyota Motor Co.	405.2	281.9	43.8	91.5	312.4	1.3	2
8	Ford Motor Co.	405.1	380.1	6.6	132.3	270.8	2.0	2
9	Kellogg Co.	379.7	398.0	(4.6)	8.1	371.6	0.0	1
10	Chrysler Corp.	376.0	346.4	8.5	105.6	269.6	0.8	4

Notes: Dollars are in millions. Totals include only brands from within the Top 200. Source: LNA/Arbitron Multi-Media Service.

Measured media spending in 1990

Rank	Media	Top 200 brands 1990	1989	% chg	All measured brands 1990	1989	% chg
1	Network TV	$6,181.9	$5,477.4	12.8	$10,132.3	$9,559.0	6.0
2	Spot TV	3,149.5	2,906.2	8.4	9,293.3	9,030.4	2.9
3	Newspaper*	2,063.2	1,987.6	3.8	9,679.1	9,514.5	1.7
4	Magazine	2,023.4	1,971.2	2.7	6,737.7	6,594.9	2.2
5	Syndicated TV	856.8	592.5	44.6	1,587.6	1,286.7	23.4
6	Cable TV networks	458.4	353.2	29.8	1,110.2	952.5	16.6
7	National spot radio	363.8	322.5	12.8	1,143.3	889.0	28.6
8	Network radio	357.1	346.4	3.1	766.4	696.2	10.1
9	Outdoor	150.8	137.8	9.4	688.8	705.8	(2.4)
	Subtotal print media	4,086.6	3,958.8	3.2	16,416.7	16,109.4	1.9
	Subtotal broadcast media	11,366.6	9,998.2	13.7	24,032.9	22,413.9	7.2
	Total	15,604.9	14,094.8	10.7	41,138.5	39,229.1	4.9

Notes: Dollars are in millions. * includes newspaper-distributed Sunday magazines. Source: LNA/Arbitron Multi-Media Service.

AA charts: Kevin Brown

Top 200 mega-brands by 1990 ad spending

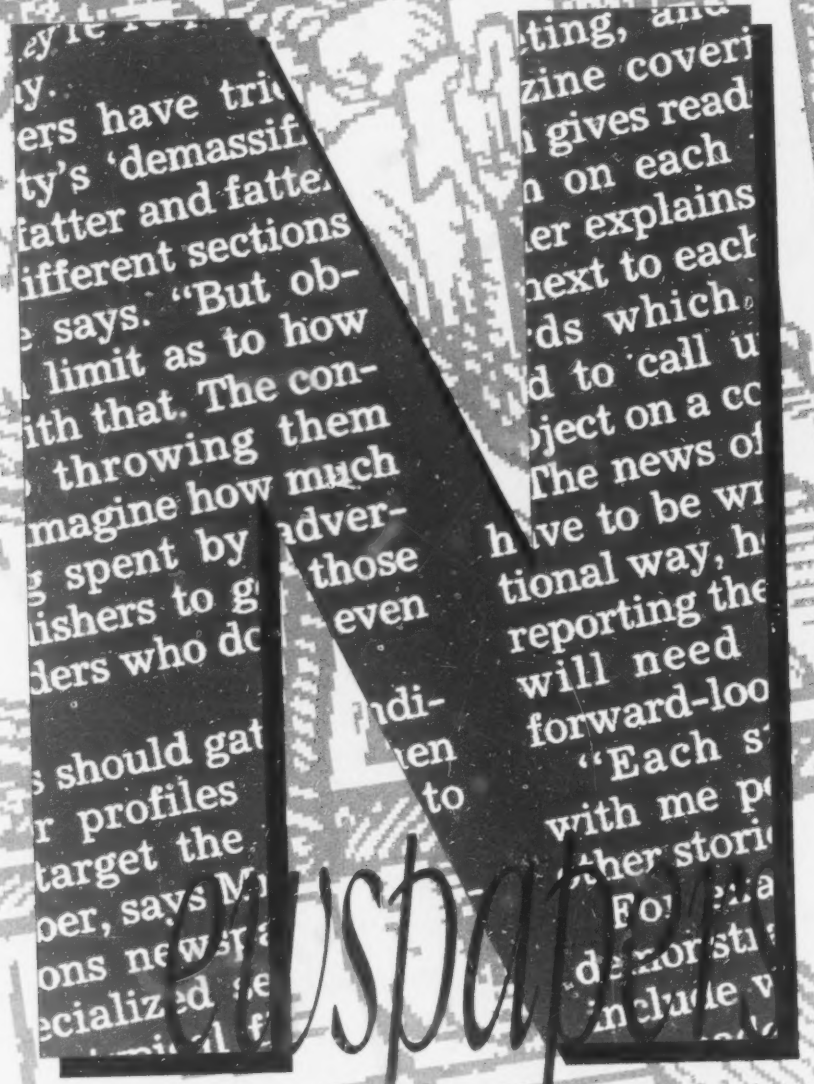
Rank '90	Rank '89	Brand, product, service & parent company	Total measured ad spending 1990	1989	% chg
1	4	**AT&T telephone svcs,** AT&T Co.	$502,261.2	$354,491.2	41.7
2	1	**McDonald's restaurants,** McDonald's Corp.	426,042.3	428,118.2	(0.5)
3	2	**Sears stores,** Sears, Roebuck & Co.	421,566.0	413,926.7	1.8
4	3	**Kellogg's breakfast foods,** Kellogg Co.	379,702.7	397,969.4	(4.6)
5	5	**Ford cars, trucks & vans,** Ford Motor Co.	340,116.4	314,551.2	8.1
6	7	**Toyota cars, trucks & vans,** Toyota Motor Co.	307,298.4	235,829.9	30.3
7	6	**Chevrolet cars,** General Motors Corp.	305,665.1	298,649.8	2.3
8	8	**Nissan cars, trucks & vans,** Nissan Motor Co.	235,906.5	198,215.7	19.0
9	15	**Kmart stores,** Kmart Corp.	191,631.2	151,330.4	26.6
10	14	**Kraft foods,** Philip Morris Cos.	187,739.5	153,678.1	22.2
11	9	**Budweiser beers,** Anheuser-Busch Cos.	184,070.9	190,836.2	(3.5)
12	13	**Miller beers,** Philip Morris Cos.	181,354.4	158,361.6	14.5
13	17	**Mazda cars & trucks,** Mazda Motor Co.	180,976.3	141,176.4	28.2
14	10	**Burger King restaurants,** Grand Metropolitan	177,588.5	175,422.6	1.2
15	22	**General Motors cars,** General Motors Corp.	166,427.6	120,426.8	38.2
16	19	**Coca-Cola soft drinks,** Coca-Cola Co.	159,578.1	137,856.7	15.8
17	24	**Buick cars,** General Motors Corp.	158,684.9	116,802.5	35.9
18	20	**Pepsi beverages,** PepsiCo	155,882.6	134,339.6	16.0
19	29	**Chrysler cars,** Chrysler Corp.	151,117.3	110,535.1	36.7
20	12	**Macy's department stores,** R.H. Macy & Co.	144,850.7	166,773.1	(13.1)
21	16	**Penney's stores,** J.C. Penney Co.	143,134.2	146,570.1	(2.3)
22	11	**American Express financial svcs,** American Express Co.	142,297.0	167,362.8	(15.0)
23	37	**Tylenol remedies,** Johnson & Johnson	134,288.8	97,345.2	38.0
24	25	**Honda cars,** Honda Motor Co.	130,107.0	116,377.8	11.8
25	18	**Dodge cars, trucks & vans,** Chrysler Corp.	128,138.7	140,919.1	(9.1)
26	21	**Oldsmobile cars & vans,** General Motors Corp.	121,889.0	133,614.9	(8.8)
27	31	**Warner books, movies & video,** Time Warner	121,885.1	106,730.1	14.2
28	23	**Kentucky Fried Chicken restaurants,** PepsiCo	118,406.0	118,593.7	(0.2)
29	26	**Wrigley's gums,** Wm. Wrigley Jr. Co.	117,250.5	112,997.3	3.8
30	38	**Disney resorts, ice shows, movies & cable,** Walt Disney Co.	115,931.3	96,546.8	20.1
31	27	**Pontiac cars & vans,** General Motors Corp.	113,682.6	112,477.1	1.1
32	33	**Post cereals,** Philip Morris Cos.	110,997.5	102,004.5	8.8
33	35	**Columbia Pictures movies & video,** Sony Corp.	110,322.3	99,015.8	11.4
34	32	**Universal City Studios movies, theme parks,** Matsushita Inc.	109,342.5	105,393.3	3.7
35	39	**Pizza Hut restaurants,** PepsiCo	106,950.6	95,184.4	12.4
36	28	**Coors beers,** Adolph Coors Co.	104,463.3	111,180.5	(6.0)
37	44	**Nabisco cereals, cookies & crackers,** RJR Nabisco	104,239.1	91,479.2	13.9
38	36	**Montgomery Ward stores,** Montgomery Ward & Co.	102,866.4	98,883.3	4.0
39	46	**American Airlines,** AMR Corp.	102,619.1	89,780.5	14.3
40	48	**Acura cars,** Honda Motor Co.	100,662.8	88,127.1	14.2
41	113	**Lexus cars,** Toyota Motor Co.	97,886.2	46,025.4	112.7
42	43	**Folgers coffees,** Procter & Gamble Co.	96,865.5	92,247.0	5.0
43	52	**Delta Air Lines,** Delta Air Lines	94,777.2	79,008.0	20.0
44	40	**Hyundai cars,** Hyundai Group	94,357.2	93,964.1	0.4
45	56	**Maxwell House coffees,** Philip Morris Cos.	92,604.3	76,804.2	20.6
46	53	**Circuit City stereo stores,** Circuit City	91,796.6	78,666.4	16.7
47	47	**Dairy products,** U.S. dairy farmers	91,417.8	88,882.8	2.9
48	42	**Wendy's restaurants,** Wendy's International	91,065.6	92,860.3	(1.9)
49	54	**Paramount movies & video,** Paramount Communications	89,826.3	78,466.4	14.5
50	34	**Marlboro cigarettes,** Philip Morris Cos.	85,375.6	100,750.5	(15.3)
51	50	**United Airlines,** UAL Corp.	83,759.8	82,923.9	1.0
52	58	**Hallmark cards, stationery,** Hallmark Cards	82,822.4	75,130.0	10.2
53	51	**Citibank financial svcs,** Citicorp	82,576.1	82,665.4	(0.1)
54	62	**Cheerios cereal,** General Mills	81,770.5	68,108.7	20.1
55	240	**Ultra Slim-Fast diet,** Thompson Medical Co.	81,183.1	24,800.6	227.2
56	66	**Taco Bell restaurants,** PepsiCo	81,096.3	65,398.8	24.0
57	63	**Touchstone movies & video,** Walt Disney Co.	80,879.3	65,892.3	22.7
58	30	**Subaru cars,** Subaru of America	80,454.9	110,512.7	(27.2)
59	67	**Time-Life books, tapes & videos,** Time Warner	79,596.9	64,696.6	23.0
60	71	**US Sprint telephone svcs,** United Telecommunications	79,381.1	61,859.0	28.3
61	116	**Nike footwear & sportswear,** Nike Inc.	77,508.3	45,229.9	71.4
62	45	**Kodak cameras, batteries & copiers,** Eastman Kodak Co.	77,454.1	91,204.3	(15.1)
63	41	**IBM computers,** IBM Corp.	73,955.4	93,362.4	(20.8)
64	82	**L'Oreal cosmetics,** Nestle SA	72,944.1	56,145.9	29.9
65	74	**Prudential insurance & real estate,** Prudential Insurance Co.	71,255.2	61,727.6	15.4
66	70	**Domino's pizza,** Domino's Pizza	69,883.8	62,462.9	11.9
67	106	**Isuzu cars & trucks,** Isuzu Ltd.	69,152.1	47,687.5	45.0
68	73	**Goodyear tires,** Goodyear Tire & Rubber Co.	69,099.2	61,727.9	11.9
69	77	**Cadillac cars,** General Motors Corp.	68,081.9	58,873.4	15.6
70	83	**Allstate insurance,** Sears, Roebuck & Co.	67,875.7	54,783.8	23.9
71	61	**Geo cars,** General Motors Corp.	67,080.9	68,998.7	(2.8)
72	64	**May department stores,** May Department Stores Co.	66,750.4	65,707.1	1.6
73	60	**Clairol hair products,** Bristol-Myers Squibb Co.	66,735.1	71,729.8	(7.0)
74	89	**20th Century Fox movies,** News Corp.	66,727.9	52,787.3	26.4
75	81	**Highland stores,** Highland Superstores	65,777.7	56,795.1	15.8
76	65	**Mercury cars,** Ford Motor Co.	65,001.5	65,585.8	(0.9)
77	59	**Mitsubishi cars, trucks & vans,** Mitsubishi Motors Corp.	64,587.6	73,808.6	(12.5)
78	87	**Canon electronic equipment,** Canon Inc.	64,076.6	53,053.3	20.8
79	90	**Volkswagen cars,** Volkswagen AG	63,413.7	52,632.0	20.5
80	79	**Advil & Coadvil remedies,** American Home Products Corp.	63,371.0	57,544.3	10.1
81	133	**Tri-Star Pictures,** Sony Corp.	63,325.6	40,544.4	56.2
82	153	**Cover Girl cosmetics,** Procter & Gamble Co.	63,163.4	35,117.6	79.9
83	107	**Eastern Airlines,** Continental Airlines Holdings	62,610.6	47,127.2	32.9
84	72	**U.S. Army,** U.S. Government	62,590.8	61,809.1	1.3
85	57	**Du Pont products,** E.I. du Pont de Nemours & Co.	62,525.9	75,761.8	(17.5)
86	91	**Tide laundry products,** Procter & Gamble Co.	62,009.2	52,404.8	18.3
87	69	**BMW cars,** BMW AG	61,738.9	62,892.6	(1.8)
88	80	**Orion Pictures,** Orion Pictures Corp.	61,287.9	57,473.9	6.6
89	78	**Red Lobster restaurants,** General Mills	60,798.5	58,068.4	4.7
90	97	**Levi's apparel,** Levi Strauss & Co.	60,096.2	49,488.4	21.4
91	109	**Wal-Mart stores,** Wal-Mart Stores	58,855.1	47,061.8	25.1
92	55	**Franklin Mint collections,** American Protection Industries	55,922.9	77,796.9	(28.1)
93	135	**Norelco appliances & shavers,** Philips NV	55,553.0	39,403.5	41.0
94	112	**MCI telephone svcs,** MCI Communications Corp.	54,837.9	46,375.0	18.2
95	139	**HBO cable TV,** Time Warner	54,432.1	38,910.1	39.9
96	261	**Little Caesar pizza restaurants,** Little Caesar Enterprises	54,430.5	21,459.8	153.6
97	169	**Visa credit card svcs,** Visa International	54,373.9	32,814.0	65.7
98	95	**Broadway department stores,** Carter Hawley Hale Stores	54,199.5	49,763.1	8.9
99	86	**Mattel toys,** Mattel Inc.	54,192.6	53,359.8	1.6
100	94	**Campbell's soups,** Campbell Soup Co.	53,264.7	50,785.1	4.9
101	93	**True Value stores,** Cotter & Co.	$53,217.2	$51,154.4	4.0
102	114	**Jeep trucks & vans,** Chrysler Corp.	52,821.7	45,978.4	14.9
103	108	**Target stores,** Dayton Hudson Corp.	52,746.1	47,122.4	11.9
104	102	**Newport cigarettes,** Loews Corp.	52,390.2	48,759.6	7.4
105	115	**Lucky food stores,** American Stores Co.	52,362.9	45,561.8	14.9
106	98	**Midas Muffler shops,** Whitman Corp.	52,101.4	49,264.7	5.8
107	76	**Quaker cereals & snacks,** Quaker Oats Co.	52,014.6	60,055.9	(13.4)
108	101	**United Parcel Service,** United Parcel Service of America	51,927.4	48,821.4	6.4
109	88	**Weight Watchers foods,** H.J. Heinz Co.	51,880.5	53,039.2	(2.2)
110	92	**Radio Shack electronics stores,** Tandy Corp.	51,742.9	51,828.5	(0.2)
111	96	**GE products,** General Electric Co.	51,623.2	49,745.3	3.8
112	189	**Duracell batteries,** Duracell Inc.	50,094.4	30,356.0	65.0
113	130	**Discover credit card,** Sears, Roebuck & Co.	49,846.4	41,057.9	21.4
114	123	**Kroger food stores,** Kroger Co.	49,657.5	43,684.3	13.7
115	171	**Hershey candies,** Hershey Foods Corp.	49,344.1	32,557.9	51.6
116	84	**Northwest Airlines,** NWA Inc.	48,835.2	54,513.6	(10.4)
117	129	**Stouffer frozen entrees,** Nestle SA	48,713.8	41,083.2	18.6
118	110	**Tropicana beverages,** Seagram Co.	48,525.4	46,799.3	3.7
119	181	**Nutri/System Weight Loss Centers,** Nutri/System Inc.	47,864.3	31,147.7	53.7
120	162	**Pillsbury foods,** Grand Metropolitan	46,984.9	33,593.0	39.9
121	120	**CBS TV,** CBS Inc.	46,534.4	44,323.2	4.9
122	136	**Alka-Seltzer remedies,** Bayer AG	46,456.4	39,347.2	18.1
123	138	**Kleenex tissues & diapers,** Kimberly-Clark Corp.	46,400.9	38,947.1	19.1
124	151	**Johnson & Johnson products,** Johnson & Johnson	45,752.9	35,590.1	28.6
125	104	**Johnson polishes, waxes & cleaners,** S.C. Johnson & Son	45,689.9	48,214.2	(5.2)
126	126	**Mervyn's stores,** Dayton Hudson Corp.	44,522.9	42,564.1	4.6
127	119	**Virginia Slims cigarettes,** Philip Morris Cos.	44,213.8	44,360.8	(0.3)
128	180	**Pearle Vision Centers,** Grand Metropolitan	44,152.9	31,152.1	41.7
129	105	**TWA airlines,** Trans World Airlines	44,014.0	47,986.5	(8.3)
130	100	**Plymouth cars, trucks & vans,** Chrysler Corp.	43,907.4	48,939.0	(10.3)
131	137	**Walgreen drugstores,** Walgreen Co.	43,812.8	39,183.6	11.8
132	132	**Crest toothpaste,** Procter & Gamble Co.	43,810.0	40,908.9	7.1
133	103	**Continental Airlines,** Continental Airlines Holdings	43,053.7	48,588.4	(11.4)
134	121	**Hardee's restaurants,** Imasco Ltd.	42,875.8	43,773.5	(2.1)
135	111	**U.S. Postal Service,** U.S. Government	42,519.0	46,536.0	(8.6)
136	127	**Total cereal,** General Mills	42,149.9	42,015.6	0.3
137	141	**Toys "R" Us stores,** Toys "R" Us	41,610.4	38,355.7	8.5
138	118	**Oil of Olay toiletries,** Procter & Gamble Co.	41,504.4	44,709.4	(7.2)
139	246	**Sony electronics,** Sony Corp.	41,302.1	24,233.5	70.4
140	148	**Colgate toothpaste & toothbrushes,** Colgate-Palmolive Co.	41,211.0	36,269.7	13.6
141	228	**Tyco toys,** Tyco Toys	40,766.3	25,536.3	59.6
142	142	**Apple computers,** Apple Computer	40,758.7	38,314.0	6.4
143	154	**MasterCard credit card svcs,** MasterCard International	40,496.4	35,026.4	15.6
144	163	**7UP beverages,** Dr Pepper/Seven-Up Cos.	40,430.2	33,165.8	21.9
145	170	**Infiniti cars,** Nissan Motor Co.	40,166.2	32,755.4	22.6
146	156	**General Foods coffee,** Philip Morris Cos.	39,767.6	34,202.7	16.3
147	124	**GTE telephone svcs,** GTE Corp.	39,472.3	43,443.5	(9.1)
148	157	**NBC TV,** General Electric Co.	39,457.6	34,108.0	15.7
149	147	**State Farm insurance,** State Farm Insurance Cos.	39,353.0	36,270.9	8.5
150	149	**Safeway food stores,** Safeway Stores	38,688.4	36,099.6	7.2
151	146	**Nestle foods,** Nestle SA	38,670.1	36,489.3	6.0
152	164	**Reebok sporting footwear,** Reebok International	38,488.7	33,024.5	16.5
153	49	**Michelob beers,** Anheuser-Busch Cos.	38,275.6	86,591.7	(55.8)
154	161	**Lysol cleaners,** Eastman Kodak Co.	37,967.3	33,637.9	12.9
155	75	**Hanes apparel,** Sara Lee Corp.	37,938.4	60,617.5	(37.4)
156	159	**Lens Crafters opticians,** U.S. Shoe Corp.	37,654.3	33,735.0	11.6
157	253	**Oscar Mayer foods,** Philip Morris Cos.	37,534.6	22,742.0	65.0
158	155	**ABC TV,** Capital Cities/ABC	37,422.4	34,205.6	9.4
159	167	**Texaco gas & oil,** Texaco Inc.	37,408.5	32,961.5	13.5
160	212	**Blue Cross & Blue Shield,** Blue Cross & Blue Shield	37,320.3	27,950.0	33.5
161	233	**Neutrogena toiletries,** Neutrogena Corp.	37,207.0	25,228.0	47.5
162	85	**Merit cigarettes,** Philip Morris Cos.	37,035.2	54,222.4	(31.7)
163	229	**Hertz Rent-A-Car,** Park Ridge Corp.	36,985.6	25,424.2	45.5
164	145	**Keebler cookies & snacks,** United Biscuits (Holdings)	36,502.7	36,725.5	(0.6)
165	140	**Bloomingdale's department stores,** Campeau Corp.	36,281.6	38,538.0	(5.9)
166	217	**Lord & Taylor department stores,** May Department Stores Co.	36,233.6	27,660.5	31.0
167	122	**Clorox cleaning products,** Clorox Co.	36,136.5	43,709.6	(17.3)
168	216	**Head & Shoulders hair products,** Procter & Gamble Co.	35,915.1	27,697.1	29.7
169	198	**Gillette shaving products,** Gillette Co.	35,855.8	29,446.4	21.8
170	224	**Excedrin pain relievers,** Bristol-Myers Squibb Co.	35,548.8	26,043.4	36.5
171	99	**Hasbro toys,** Hasbro Inc.	35,518.7	49,258.8	(27.9)
172	193	**Betty Crocker foods,** General Mills	35,452.2	29,904.0	18.6
173	158	**Milton Bradley toys,** Hasbro Inc.	35,232.0	34,099.9	3.3
174	117	**7-Eleven stores,** Southland Corp.	34,784.7	44,866.7	(22.5)
175	292	**L.A. Gear sporting footwear,** L.A. Gear	34,755.6	15,117.6	129.9
176	283	**Nintendo games & magazine,** Nintendo Co.	34,615.4	17,417.9	98.7
177	183	**Giant food stores,** Ahold International	34,552.4	30,843.7	12.0
178	160	**Vons markets,** Vons Cos.	34,207.7	33,643.3	1.7
179	125	**Pan Am airlines,** Pan American World Airways	33,869.0	43,072.5	(21.4)
180	252	**Sports Illustrated magazine,** Time Warner	33,745.2	22,843.9	47.7
181	68	**Purina pet foods,** Ralston Purina Co.	33,723.2	63,308.5	(46.7)
182	251	**Volvo cars,** Volvo AB	33,716.9	23,124.8	45.8
183	239	**California state lottery,** State of California	33,617.4	24,842.3	35.3
184	201	**Royal Caribbean cruise line,** Royal Caribbean Cruise Line	33,602.2	28,789.7	16.7
185	241	**Bell Atlantic telephone svcs,** Bell Atlantic	33,601.2	24,746.2	35.8
186	220	**Revlon cosmetics,** Revlon	33,374.0	27,312.8	22.2
187	196	**Estee Lauder cosmetics,** Estee Lauder Inc.	32,930.9	29,618.5	11.2
188	184	**Abraham & Straus department stores,** Campeau Corp.	32,623.0	30,758.3	6.1
189	204	**De Beers jewelry,** De Beers Consolidated Mines	32,432.1	28,608.0	13.4
190	178	**Foley's department stores,** May Department Stores Co.	32,394.4	31,759.0	2.0
191	177	**Beef Industry Council,** Beef Industry Council	32,388.2	31,860.7	1.7
192	202	**Nynex telephone svcs,** Nynex Corp.	31,744.9	28,689.1	10.7
193	NA	**Saturn cars,** General Motors Corp.	31,591.1	0.0	NA
194	206	**Eckerd drugstores,** Jack Eckerd Corp.	31,553.0	28,494.8	10.7
195	194	**Winn-Dixie food stores,** Winn-Dixie Stores	31,551.9	29,794.2	5.9
196	214	**Century 21 real estate,** Metropolitan Life Insurance	31,459.5	27,828.0	13.0
197	269	**Cheer laundry detergent,** Procter & Gamble Co.	31,410.1	16,247.1	93.3
198	174	**Audi cars,** Volkswagen AG	31,173.4	32,183.2	(3.1)
199	295	**Motrin IB pain reliever,** Upjohn Co.	31,084.3	12,296.6	152.8
200	227	**Sprite beverages,** Coca-Cola Co.	31,023.5	25,922.0	19.7

Notes: Dollars are in thousands. Measured media spending includes magazine; Sunday magazine; newspaper; network, spot and syndicated TV; cable TV networks; national spot radio and network radio. **Source:** LNA/Arbitron Multi-Media Service. See story on Page 19.

AA chart: Kevin Brown

Advertising Age

1991 Advertisers' Guide to



Presented by the Newspaper Advertising Bureau in association with Advertising Age

1991 Advertisers' Guide to Newspapers

Introduction

There's a new cooperative spirit at daily newspapers. Instead of focusing only on their own strengths, newspapers are developing new initiatives for treating advertisers' needs as their top priority. This orientation has transformed newspapers into a market or client driven medium, one that says "yes" to advertisers.

The trend toward working together more closely as an industry has enabled newspapers to better serve a wide range of advertisers. The proliferation of more than 200 regional and national newspaper networks around the country reflects this team approach.

One example, the Newspaper National Network, represents the entire newspaper industry to the ad community and is jointly operated by the newspaper industry and the Newspaper Advertising Bureau. The NNN's marketing teams make it easier for advertisers to place multimarket buys. They develop newspaper advertising programs that help advertising clients achieve their marketing objectives and pre-sell the newspapers they choose in the markets they want to reach. Saturn, one of many advertisers working with the NNN, rolled out its retailer advertising in 141 newspapers reached through this network.

Individual newspapers are also developing strategies for working more effectively with advertisers and their agencies. The Tallahassee Democrat, for example, makes its extensive market research services available to advertisers in the Taliahassee market. Many newspapers have developed advertising agency relations programs, among them the Philadelphia Inquirer and Daily News. Its program features an agency hot line and a fulltime liaison who works to answer questions from agencies. The Poughkeepsie Journal created an action plan to improve relations with its advertisers based on the findings of an advertiser survey. The plan includes an "adopt an advertiser" service which covers everything from monitoring individual ads to a phone contact system that addresses advertisers' concerns.

When advertisers take advantage of the various properties newspapers own (in addition to the newspapers themselves), a mini-network of advertising opportunities opens up. To help advertisers get the most out of their newspaper advertising investment, papers are developing innovative integrated marketing and communications programs. These include, event and circulation marketing opportunities, media mix packages and group advertising buys. Campbell Soup took advantage of creative positioning on the weather pages and Century 21 is now involved with new classified tie-ins.

Newspapers provide a unique distribution channel and are fast entering the business of delivering a whole range of marketing materials that include magazines, inserts (and insert volume in newspapers continues to rise each year), catalogs, coupons and samples.

The Orange County Register has been involved with alternate distribution for four years. A more recent player is The Sacramento Bee which distributes a JC Penney home furnishings booklet with the Bee's Arrival Survival Kit that is delivered to new residents of Sacramento County. The Bee is also considering alternate distribution for Pacific Bell Yellow Pages.

Because newspapers specialize in efficiency and in cutting away waste, their distribution systems allow advertisers to reach tightly zoned market segments directly and unerringly. Today's newspapers are going far beyond traditional age, address and psycho/demographic targeting. Using advanced database marketing techniques, along with highly sophisticated alternate delivery systems, newspapers are moving quickly to target and reach individual consumers by purchase preference. That means newspapers can offer both mass and class coverage, true targeting. Among newspapers at the forefront of the database marketing movement are the Houston Chronicle and Atlanta Journal & Constitution.

Newspapers continue to deliver greater access to the consumers most advertisers want to reach than any other medium. That's because the daily newspaper commands the attention of an enormous audience, with more than 62 million copies sold on an average weekday. In addition, Sunday newspapers have been growing steadily and the number of copies sold now exceeds that of the dailies.

Perhaps more significant, the audience for newspapers is not only large, it is attractive to advertisers of all types. Majorities in every age group from 18-81 read a newspaper on the average weekday with an overall readership level of 62.4%. On Sundays, the adult audience is even greater — at 67.1%. And studies show that children and teens are drawn to the newspaper as soon as they can read. In order to maintain their appeal to both advertisers and readers, newspapers are redesigning their formats and introducing new sections. The 25-45 project at the Boca Raton News exemplifies this trend, one now being followed at other papers with the "yes" orientation.

You'll find highlights from Newspaper Key Facts '91 in the following pages. Key Facts '91 is designed to assist you in using the newspaper medium more effectively. It provides ready answers to the most pertinent and frequently asked questions concerning newspapers — readership, advertising trends, target marketing opportunities, sales impact, creative flexibility and planning.

To order **Newspaper Key Facts '91**, call the Newspaper Advertising Bureau's order department at 212-704-4614, or circle #1 on the Reader Service Card provided. For other newspaper advertising information, call 212-921-5080.

Every day, newspapers reach more than 113 million adults, and on Sunday, nearly 122 million adults.

Daily newspaper circulation is near its all-time high. Sunday circulation has never been higher

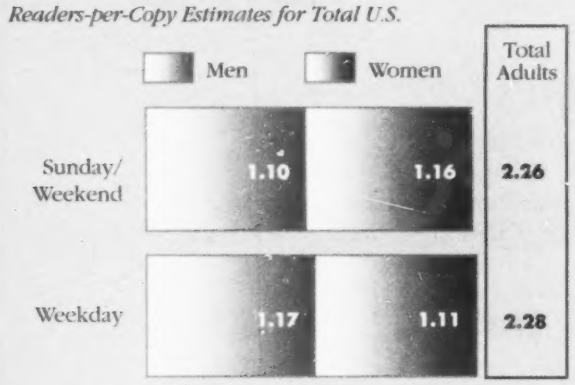
Newspaper Circulation in Thousands

Year	Morning	Evening	Total Daily	Sunday
1970	25,934	36,174	62,108	49,217
1975	25,490	35,165	60,655	51,096
1980	29,414	32,788	62,202	54,672
1985	36,362	26,405	62,766	58,826
1986	37,441	25,061	62,502	58,925
1987	39,124	23,702	62,826	60,112
1988	40,453	22,242	62,695	61,474
1989	40,759	21,890	62,649	62,008
1990	41,308	21,016	62,324	62,410

Source: *1970 - 1989, Editor & Publisher International Yearbook. 1990 preliminary estimates, NAB; morning and evening daily circulation estimates are not available.*

Readership is the best gauge of newspapers' impact because multiple readers take advantage of each single copy of the newspaper

Readers-per-Copy Estimates for Total U.S.



Sources: *NAB estimates based on SMRB, SMM 1990; 1990 Editor & Publisher Yearbook; Circulation 89-90, American Newspaper Markets, Inc. (now SRDS).*

The vast majority of adults in the U.S. read the newspaper:

- 62.4% of American adults read the newspaper on an average weekday. Over five weekdays, adult newspaper readership soars to a saturation 86.7%
- Two-thirds (67.1%) of adults read the newspaper on an average Sunday. Over four Sundays, adult newspaper readership increases to 88.0%

Source: *SMRB, SMM 1990.*

Teens are readers too:

- 81% of teenagers ages 12-17 find time to read at least one issue of a newspaper over the course of a week.
- Teen readership on an average weekday is 41%.

Source: *SMRB Study for Newsprint Information Committee and NAB, as reported in "Teenagers and Newspapers 1989," NAB.*

OUR SUN ISN'T HALF AS HOT AS OUR MARKET.

And our readers have money to burn.

No matter what you've heard about the summer sun, South Florida is great all year long. Especially if you've got something to sell.

For one thing, the Miami/Fort Lauderdale ADI, the nation's 15th largest, ranks No. 2 in retail sales per household, with nearly $28 billion in total sales.△

Best of all, to reach those in the know, all it takes is one newspaper buy: the Pulitzer-Prize winning Miami Herald and the nation's biggest (and best) Spanish-language daily publication, El Nuevo Herald — winner of the *Outstanding Spanish Language Daily Award*†. An incredible package!

Since 1987, The Miami Herald has gained 27,000 daily and 32,000 Sunday copies.◊ And since that time, El Nuevo Herald has grown 44 percent, now reaching 102,856 daily and 118,756 on Sunday.□

When you send your client's money to the tropics, we know how to put it to work.

THE MIAMI HERALD • EL NUEVO HERALD

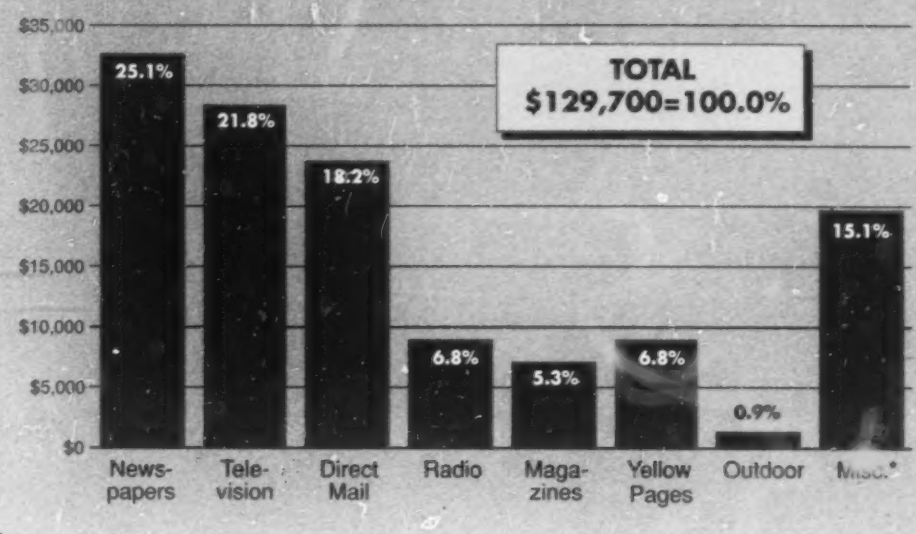
For advertising information call (305) 376-2820
Represented nationally by NEWSPAPERS FIRST

△ Sales and Marketing Management 1989
† National Association of Hispanic Publications
◊ ABC Audit 1990
□ VAC Audit 1990

Reader Service # 2

More Ad Dollars Are Spent In Newspapers Than In Any Other Medium

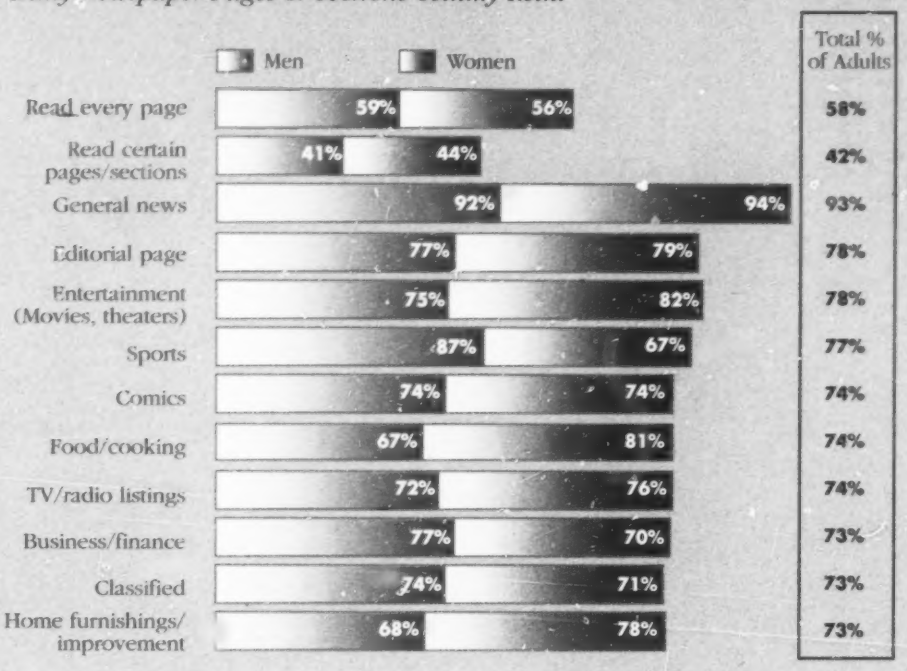
Estimated 1990 Ad Expenditures by Media



Note: *In millions of dollars*

The newspaper is a media mix in itself. Every page presents advertisers with unique targeting opportunities

Daily Newspaper Pages or Sections Usually Read



Note: *Percent of Weekday Audience*

Source: *SMRB, SMM 1990.*

Many newspapers offer advertisers geographic targeting, from total market coverage to selective distribution:

- Nonsubscriber programs: special programs, including free delivery publications, will reach nonsubscribers. Such programs provide advertisers with high levels of penetration for distribution of inserts or ROP ads in a specific market or market subsegment. 84% of daily newspapers recently surveyed reported offering non-subscriber programs.

  Source: *1990 NAB survey*

- Zoned editions: special sections run in certain populated zones that can be purchased for less than full-run rates.

- Customized distribution: even smaller geographic segments than zones are often available for preprint drops.

150 YEARS

THE PLAIN DEALER

1801 Superior Ave.
Cleveland, Ohio 44114

PROFILE

I. UNIQUE CHARACTER OF MARKET:

The Plain Dealer's market consists of Greater Cleveland and Northeast Ohio. It is rated among the top 20 markets in the U.S.

The area is experiencing a major economic resurgence, a case in point being its unprecedented building boom. Over $3.5 billion is being invested in current and planned construction, involving hotels, retailing, office space and a new stadium/sports complex is also on the boards.

Thanks to the lower cost of living in this thriving market, Cleveland residents are taking full advantage of the exciting new leisure-time pursuits available to them, and have welcomed the city's new retailing and entertainment opportunities with open arms.

The Cleveland market features a healthy mix of manufacturing, service, finance, research and medical industries. The result is an economic environment with the strength that such a diversity of industry creates. All Clevelanders have benefitted from this strength with a lower rate of unemployment in recent years, as compared to the State of Ohio and the U.S.

II. MARKET DEFINITION:

Cleveland's 17-county ADI is recognized as the 11th largest ADI in the U.S. The Plain Dealer attracts 39% of adult readers daily and 47% of adult readers on Sunday.

Cuyahoga County is the nerve center of this vital Northeast Ohio market, comprised of over 37% of all ADI adults and 38% of ADI retail sales. In Cuyahoga County, daily adult readership of The Plain Dealer is 71%. On Sundays, 85% of all adult readers get their news and information from The Plain Dealer.

III. DEMOGRAPHIC PROFILE OF READERS:

In the Seven-County CMSA, a single daily issue of The Plain Dealer reaches over one million adults or 49% of total adults. On Sundays, one issue of The Plain Dealer reaches more than 1.2 million adults or 59% of total adults. In addition:

Target Group	Daily PD	Sunday PD
Adults 35-54	53%	61%
Household Income $50M +	59%	68%
College Grads	58%	69%

Birch-Scarborough Readership Report '90

IV. PRODUCT USAGE PROFILE OF READERS:

The Cleveland market ranks number one in the U.S. in share of adults who:

-Own automobiles

-Own homes

-Participate in: golf, freshwater fishing, power boating

-Use: several types of baking products, baby products, automotive products and tools

V. UNIQUE QUALITIES OF THE NEWSPAPER:

Daily "Themed" Sections: Attract a wide variety of readers and keep the newspaper livelier and more involving.

Daily & Sunday Zoned Editions: Help to target specific communities and create "localized" flavor, while offering all other popular features.

New Production Facilities: Plans are now being implemented for a multi-million dollar state-of-the-art plant that will make quality and efficiency second to none.

SALES CONTACTS:

Robert Hagley, Advertising Director: 216/344-4350 **Steven Casey, Retail Advertising Manager:** 216/344-4352 **David Nadeau, Assistant Retail Adv. Mgr.:** 216/344-4997 **John Moloney, General Advertising Manager:** 216/344-4970 **Charles Tarantino, Classified Advertising Manager:** 216/344-4596 **Margaret Draper, Asst. Classified Adv. Manager:** 216/344-4594 **John Southwick, Co-op Advertising Manager:** 216/344-4139 **Robert Thein, Manager, Marketing & Research:** 216/344-4079

Represented Nationally by Newhouse Newspapers, Inc.
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The Colin Turner Group: London

NEW YORK?
CHICAGO?
LOS ANGELES?

FASHIONS COURTESY OF GUCCI

YOU'LL FIND SOME VERY IMPRESSIVE SHOPPING BAGS BEING CARRIED DOWN THE STREETS OF CLEVELAND THESE DAYS. BECAUSE HIGH-END RETAILERS KNOW CLEVELANDERS APPRECIATE THE BEST THINGS IN LIFE.

NAMES LIKE GUCCI, FENDI, BARNEY'S, BROOKS BROTHERS AND MORE HAVE TAKEN THEIR PLACE BESIDE BELOVED CLEVELAND RETAILERS LIKE HIGBEE'S, MAY COMPANY, JOSEPH HORNE AND SAKS, AND ALL ARE DISCOVERING THAT THE BEST WAY TO REACH THIS AFFLUENT MARKET IS IN THE PLAIN DEALER. THAT'S WHERE 71% OF CLEVELANDERS* TURN TO EVERY MORNING TO FIND OUT WHAT'S NEW AND WHAT TO BUY.

SO WHY SHOP AROUND? ADVERTISE EFFICIENTLY AND EFFECTIVELY IN THE PLAIN DEALER. FOR DETAILS, CALL (216) 344-4970.

*Scarborough Report, 1990. Primary Market Reach

NO. IT'S CLEVELAND.

Chicago Tribune

Chicago Tribune
435 North Michigan Avenue
Chicago, Illinois 60611

I. UNIQUE CHARACTER OF THE CHICAGO MARKET / III. MARKET BENCHMARKS

The Chicago Consolidated Metropolitan Statistical Area, which includes 11 counties—Cook; DuPage; McHenry; Kane; Kendall; Will; Grundy; Lake, IL; Lake, In; Porter, IN; Kenosha, WI—is one of the nation's strongest:

- the third largest CMSA in the country, behind New York and Los Angeles and ahead of Philadelphia and Detroit
- compared to the other 4 cities in the top 5 CMSA's (New York, Los Angeles, Philadelphia and Detroit), in the last year the Chicago CMSA showed the least inflation
- an estimated population of 8,204,263
- approximately three million households
- effective buying income of $30,967 per household
- total retail sales is $58.3 billion: $19,345 per household

The Chicago CMSA is particularly solid in the business/financial sector:

- the number two market of Fortune 500 companies
- home to over 500 banks and Savings & Loans
- home to 16 major insurance companies
- manufacturing is the largest sales industry—other than general services—followed closely by retail trade and financial/insurance/real estate
- the five Chicago exchanges (Board of Trade, Mercantile, Commodities, Chicago Board of Options and Stock Exchange) employ nearly 33,000 and handle more than 75% of the world's commodities business
- Chicago's O'Hare Airport, the busiest in the U.S., serves approximately 58 million passengers yearly and supports about 180,000 local jobs
- "The nation's center of technology users"—with the largest installed base of computers in the nation (according to International Data Corp)

Sources: 1990 Sales and Marketing Management, Survey of Buying Power. Fortune, April 23, 1990. The Commercial Club of Chicago. Crain's Chicago Business, Metro Chicago Market Facts, July 2, 1990. Air Transport Association of America.

II. THE CHICAGO MARKET DEFINITION

According to the numbers just released by the Audit Bureau of Circulations, the Chicago Tribune total daily paid circulation is 741,345 and the Sunday circulation is 1,131,226. These numbers reveal that the Chicago Tribune leads its closest competitor in daily circulation by 200,568 copies - and continues to lead on Sunday by more than a two-to-one margin!

In the Primary Market Area, which includes Cook, DuPage, McHenry, Kane, Will and Lake counties in Illinois and Lake and Porter counties in Indiana, net paid circulation has increased to 651,448, the largest in three years. On Sunday, P.M.A. circulation stands at 1,009,677.

To more efficiently serve readers and advertisers in Chicago's growing suburban communities, the Chicago Tribune has several suburban bureaus and publishes special editions of the Tribune focusing on news and advertising of these individual communities. The Chicago Tribune continues to grow as the newspaper of choice throughout the suburbs, with daily circulation of 442,137 and Sunday circulation of 720,545. Both numbers reflect the highest suburban circulations in Chicago Tribune history, and our biggest leads ever over our closest competitor.

Sources: Audit Bureau of Circulations Publisher's Statement, March 1991

IV. PRODUCT USAGE PROFILE OF CHICAGO TRIBUNE READERS

	Daily Chicago Tribune Index	Sunday Chicago Tribune Index
Value of home $100,000+	132	134
Drank wine past month	120	119
Took a flight in U.S. past month	123	121
Own a credit card	113	112
Purchased jewelry last year	114	111
Purchased cosmetics past year	105	105
Attended rock or other concert past year	114	108
Attended at least one movie past 3 months	105	105
Purchased compact discs past 3 months	128	114
Own stocks or bonds	113	111

Source: 1990 Chicago Market Scarborough Report

V. CHICAGO TRIBUNE READER DEMOGRAPHIC PROFILE

	Total Market Composition	Daily/Sunday Chicago Tribune
Readership Composition		
Total Adults	6,365,100	3,318,850
Men	47.5%	51.3%
Women	52.5	48.7
Age		
18-34	37.8	36.5
35-54	36.1	37.7
55+	26.1	25.8
Education		
College grad +	25.3	36.4
Some College	28.3	31.1
High School Grad or less	46.4	32.5
Household Income		
HHI $50,000+	33.3	42.0
HHI $35,000-$49,999	23.2	24.1
HHI $25,000-$34,999	21.1	18.2
HHI < $25,000	22.4	15.7
Household Data		
Home Owner	65.8	71.2
Rent/Other Residence	34.2	28.8

Source: 1991 Chicago Market Scarborough Report

VI. UNIQUE QUALITIES OF THE CHICAGO TRIBUNE

The Chicago Tribune leads its competition in editorial, circulation and advertising excellence.

The Chicago Tribune has award-winning writers on the scene...

Besides having earned 16 Pulitzer prizes and awards for color reproduction, the Chicago Tribune publishes virtually all of Chicago's most popular columnists, from Mike Royko and George Lazarus to Ann Landers and Bob Greene. Plus, the Chicago Tribune has a dozen foreign correspondents permanently located in hotspots throughout the world. In fact, during the Gulf War, while all other Chicago newspapers relied on wire services, Chicago Tribune readers were receiving firsthand reports and photos from nearly a dozen additional Tribune reporters and photographers on the scene in the Mideast.

For the most complete local news coverage, the Tribune produces localized metropolitan news sections focusing on the news events of individual communities. These special editions are published from bureaus located in the heart of those communities.

More advertisers choose the Chicago Tribune as their #1 vehicle...

Advertisers throughout the country have found that the Chicago Tribune is the best environment for getting their message to the Midwest. The quality of readership that the Chicago Tribune brings to its advertisers, as well as flexibility in targeting, color and editorial environment, delivers consistent response and results. In the past year, the Chicago Tribune's dominance in advertising space placed with the two major Chicago papers has risen to — over 66% - that's two-thirds of Chicago's advertising linage!

The Chicago Tribune provides an advertiser with the flexibility to reach the desired targets with timeliness and efficiency. Not only are there up to 14 geographic zones that offer both black-and-white and color availabilities, but every day, in virtually every section of the Chicago Tribune, advertisers can find opportunities to target their messages through zoning. Whether it's in the suburban editions or regular sections of the newspaper - including the Wednesday Style section, the Thursday Food Guide, the Friday section and the Sunday Transportation, Home and WOMANEWS sections, to name a few - zoned advertising is available.

Plus, for even greater coverage and flexibility, there are countless advertising availabilities in selected-area inserts. And the Tribune publishes Local Values, a direct mail package sent only to non-subscribers. No other Chicago paper delivers such broad opportunities and strong results.

SALES CONTACTS

CHICAGO
435 North Michigan Avenue
Chicago, Illinois 60611
(312) 222-3911

DALLAS
Campbell Centre
8350 North Central Expressway
Suite 660
Dallas, Texas 75206
(214) 363-5044

DETROIT
4000 Town Center Suite 510
Southfield, Michigan 48075
(313) 352-1630

MIAMI
4651 Sheridan St., Suite 410
Hollywood, Florida 33021
(305) 989-8833

WESTERN STATES ASSOCIATES, INC.
4601 Wilshire Boulevard
Suite 110
Los Angeles, California 90010
(213) 933-5623

101 California St., Room 930
San Francisco, California
94111
(415) 421-7946

NEW YORK
220 East 42nd Str., Suite 1402
New York, New York 10017
(212) 682-3033

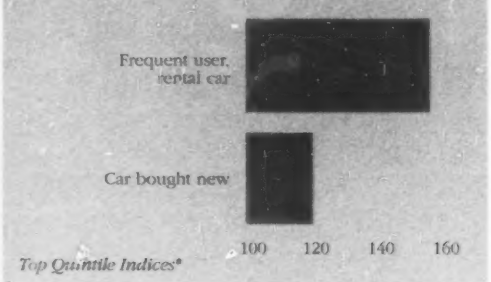
TOWMAR REPRESENTACIONES PROFESSIONALES SA
Preas de la Angostura 8
Mexico D.F. 11500
(905) 395-58-88

TOWMAR CANCUN
Gaceta #10 Villas Del Sol
Super
Manzana 20
Cancun, Quintana Roo
77500
011-529-988-4-2073

Reader Service # 5

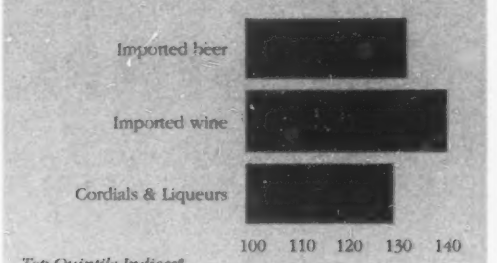
Heavy newspaper readers are the best customers for many products and services

Automotive



*Top Quintile Indices**

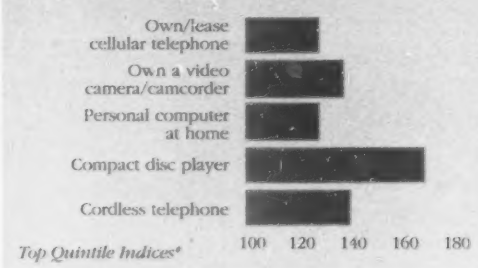
Beverage



*Top Quintile Indices**

Consumer Electronics

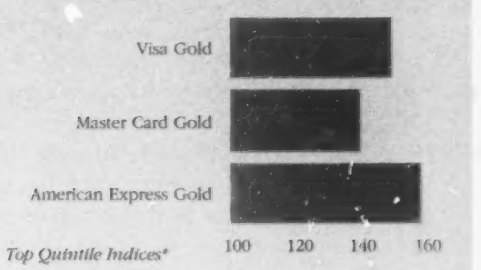
Bought last 12 months:



*Top Quintile Indices**

Credit Cards

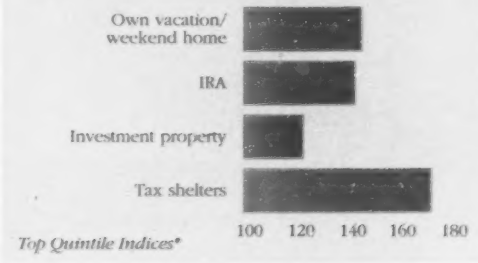
Have or use:



*Top Quintile Indices**

Financial/Investment

Currently have:



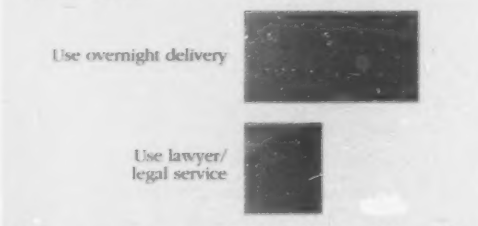
*Top Quintile Indices**

Housewares & Jewelry

Bought last 12 months:

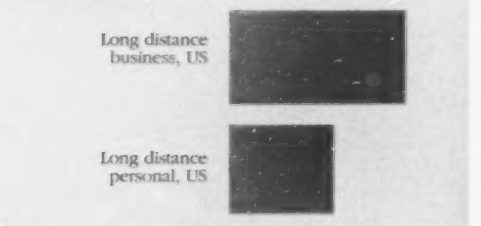
*Top Quintile Indices**

Professional Services/ Utilities



*Top Quintile Indices**

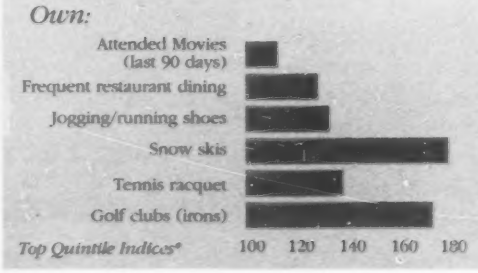
Telephone (heavy user)



*Top Quintile Indices**

Sporting Goods/ Leisure Activities

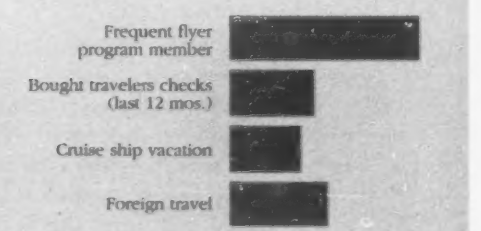
Own:



*Top Quintile Indices**

Travel

Last 3 years:


Frequent flyer program member
Bought travelers checks (last 12 mos.)
Cruise ship vacation
Foreign travel
100 120 140 160 180

*Top Quintile Indices**

** Proportion of total adults in top quintile (20%) = 100. Only the top quintile is used in this analysis because it represents those people who account for the most newspaper reading.*

Source: *SMRB, SMM 1990.*

PROFILE

The Dallas Morning News

Communications Center
P.O. Box 655237
Dallas, Texas 75265
(214) 977-8575

The Dallas Morning News:
A History of Excellence
by Dan Hanrahan

Times are tough for the newspaper industry.

The recession has caused a slump in advertising that some analysts are calling the worst in twenty years. Profits and ad linage are down considerably at some papers. But there is hope. In the darkness that surrounds the newspaper industry, one major daily is shining brighter than ever: *The Dallas Morning News*. At a time when newspapers' budgets are calling for cutbacks and numerous other defensive measures, *The Morning News* has consistently asserted a dominance in its own market and within the newspaper industry itself.

An Increase In Numbers

The Dallas Morning News sells more than 412,000 copies daily in the Dallas-Fort Worth ADI (33 surrounding counties in North Central Texas) -- a 44% increase from 1980 and 197,250 more than its closest local competitor. On Sunday, *The Morning News* sells more than 611,000 copies - a 73% increase from 1980 and 303,268 more than its closest rival.

It's the same story with readership figures: On the average weekday in the D-FW ADI, *The Morning News* reaches 912,100 readers -- 331,900 more than its closest competitor. On Sunday, *The Morning News* reaches 1,265,900 readers - 431,300 more than any rival in the area.

A Better Editorial Product

Since 1980, *The Morning News* has been honored numerous times, achieving some of the highest awards accorded any newspaper nationwide, including three Pulitzer Prizes in the last five years. The most recent Pulitzer received was in 1991 for Feature Photography.

In the last year alone, other journalistic recognition has included:

*For the seventh time in the past eight years, Sports Day (*The Morning News'* highly acclaimed sports section) swept awards for the best daily, Sunday and special sections in the Associated Press Sports Editors' (APSE) contest -- the only paper to have swept all three categories in seven out of the eight years of the APSE contest.

*Three *Morning News* staff reporters received the George Polk Award for Regional Reporting. Gayle Reaves, David Hanners and David McLemore were recognized for their six-part story on drug trafficking and its effect on life in two Texas counties.

*Six *Morning News* writers won Charles E. Green Journalism Awards from the Headliners Foundation of Texas. Honors included "Star Reporter of the Year," "Investigative Reporter of the Year," "Editorial Excellence," "Excellence in Newspaper Specialty Reporting" and "Excellence in Feature Writing."

**The Morning News* became the only paper with two winners of Associated Press Sports Editors' Red Smith Award for outstanding contributions to sports journalism. Dave Smith, executive sports editor and deputy managing editor, joined sportswriter Blackie Sherrod, who won the award in 1985.

Graphic Improvements

A great deal of the newspaper's success has to do not only with what is read, but how easy it is to read. Over the last decade, *The Morning News* has consistently improved its appearance.

In 1985, *The Morning News* invested in a multi-million dollar offset printing facility, and recently installed a Scitex color correction system.

In the summer of 1990, *The Morning News* began using two specially formulated low rub-off black inks to print the paper, and soy-based colored inks with low rub-off characteristics are currently being tested.

As the switch to low rub-off inks and continued improvement in production areas indicate, *The Morning News* is serious about presenting the best looking, easiest read newspaper in the business.

"Our improvements have proven a major boon to both readers and advertisers," said Harold Gaar, *Morning News'* vice president of marketing. "Servicing an area with such important corporate bases as Exxon, JCPenney, MCI and GTE, as well as an extremely well-educated work force (6th in national rankings) demanded a superior product. And we delivered."

Community Involvement

A great newspaper not only informs, educates and entertains, but is also a key corporate member of the community. Over the last 106 years, *The Morning News* has committed major resources to sponsorship of civic, cultural, sports and educational events that enhance the quality of life in the Dallas-Fort Worth area. More than 1 million people each year participate in or attend programs sponsored by *The Morning News*.

The Morning News has also been active in the community through editorial and marketing support of corporate and individual recycling programs.

Future Developments

The Morning News' success story is encouraging, with steady projected growth for the rest of 1991. But the question is: How does the paper plan to maintain the level of excellence Dallas and Fort Worth residents are responding to in record numbers?

"As always, by maintaining our commitment to producing the best possible newspaper which meets the needs of our readers and advertisers, every day," says Gaar.

SOURCES: ABC Fas-Fax Report for six months ending March 31, 1991; ABC Publisher's Statement, March 31, 1980; The 1991 Scarborough Report, Dallas-Fort Worth ADI.

We Think You Should Know Our Position On Advertising.

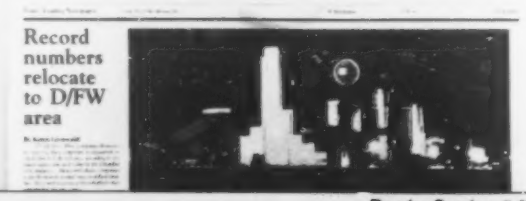
#1 in Classified Advertising Linage
#2 in Full-run Advertising Linage
#3 in Retail Advertising Linage

In 1990, The Dallas Morning News took the top three positions in classified, full-run and retail ad linage, respectively. The reason is simple. A lot of advertisers are obviously getting a lot of very good results.

And if you have something to sell, that's a very good reason why you should think of us first. And second. And third.

Source: LNA Newspaper Summary Advertising Data Report, January-December 1990. All numbers are full-run.

The Dallas Morning News



Reader Service # 6

Newsday
New York Newsday

Newsday
235 Pinelawn Road
Melville, New York 11747

New York Newsday
2 Park Avenue
New York, New York 10016

UNIQUE CHARACTER OF THE NEWSDAY/NEW YORK NEWSDAY MARKETS

- The New York ADI ranks #1 in the country for median household income.
- Newsday/New York Newsday's seven county New York Metro Coverage (Queens, Brooklyn, Manhattan, Bronx, Staten Island, Nassau and Suffolk) represents over 55% of all households and over 48% of all retail sales in the total New York ADI.
- The New York ADI ranks #1 in the country for Automotive sales.
- The New York ADI ranks #1 in the country for Department Store sales.
- The New York ADI ranks #1 in the country for Supermarket sales.
- The New York ADI ranks #1 in the country for Furniture sales.
- The New York ADI ranks #1 in the country for Home Improvement sales.

Source: Sales and Marketing Management - 1990 Survey of Buying Power.

NEWSDAY/NEW YORK NEWSDAY MARKET DEFINITION

	Households	Newsday/New York Newsday Circulation Daily	Sunday
Seven County New York Metro Market*	3,926,200	834,459	1,010,517
ADI:			
New York	7,113,400	834,459	1,010,517

Source: a) Household: Sales & Marketing Management's Survey of Buying Power 1990 Data Service.
b) Newsday Circulation (1/1/91-3/31/91) As submitted to ABC. Subject to Audit.
*New York Metro – NYC (Brooklyn, Bronx, Manhattan, Queens, Staten Island) and Nassau, Suffolk Counties.

MARKET BENCHMARKS

New York ADI

		Rank compared to all other ADIs
Population	18,725,000	1
Households	7,113,400	1
Effective Buying Income	$319.2 Billion	1
Total Retail Sales	$134.6 Billion	1

Newsday/New York Newsday's seven county New York Metro Market* represents only one-fourth of the counties in the New York ADI, however it accounts for 55% of all households and 48% of all retail sales in the total New York ADI.

Source: Sales and Marketing Management – 1990 Survey of Buying Power. ABC-Fas-Fax 3/31/91.
*New York Metro – NYC (Brooklyn, Bronx, Manhattan, Queens, Staten Island) and Nassau, Suffolk counties.

DEMOGRAPHIC PROFILE OF NEWSDAY/NEW YORK NEWSDAY READERS

- Newsday/New York Newsday delivers over a million readers with a household income of over $50,000.
- Newsday/New York Newsday reaches over 1.6 million New York metro readers who are 18-49 years old.

	Daily	Sunday
Sex		
Male	51.8%	49.9%
Female	48.2%	50.1%
Age		
18-34	33.6%	35.0%
35-54	39.4%	37.5%
55+	27.0%	27.5%
Education		
High School Graduate	38.6%	38.6%
Some College	21.9%	19.7%
College Graduate	24.6%	23.7%
Household Income		
$20,000-34,999	22.6%	22.9%
$35,000-49,999	24.3%	24.2%
$50,000+	41.1%	40.7%

Source: Scarborough, 1990/Newsday Proprietary Readership Study, March 1991

PRODUCT USAGE PROFILE OF NEWSDAY/NEW YORK NEWSDAY READERS

	Daily	Sunday
Home Ownership:		
Own	61.1%	63.7%
Rent	37.1%	34.5%
Own one or more Cars	84.0%	84.5%
Traveled domestic/foreign*	82.9%	81.6%
Purchased Apparel over $100 in the last 12 months	84.8%	84.1%
Shopped for Appliances, Audio or Video items in past 12 months	81.0%	80.7%
Shopped for Furniture/Carpeting in past 12 months	63.2%	63.8%

Source: Scarborough, 1990.
*Domestic travel in the last 12 months. Foreign travel in the last 3 years.

UNIQUE QUALITIES OF THE PAPER

Newsday/New York Newsday's circulation makes it the fourth largest daily in the nation and the #1 daily in the New York ADI. Newsday/New York Newsday strives to be an indispensable part of the lives of 2.5 million daily readers and 2.7 million Sunday readers. Newsday/New York Newsday is the fastest growing daily in the New York ADI. And, with a commitment to being the best in New York on New York, Newsday/New York Newsday offers the most respected voices in journalism from Pulitzer Prize winners, Jimmy Breslin, Doug Marlette, Murray Kempton, Sydney Schanberg to distinguished award winning columnists Jim Dwyer, Gail Collins, Dennis Duggan, Bill Reel, Carole Agus, Ellis Henican, Linda Winer, Allan Sloan, Robert Reno, Les Payne, Marvin Kitman, Sheryl McCarthy and Liz Smith. Additionally, Newsday/New York Newsday has been voted best sports section in New York four years in a row by the A.P. Sports Editors. All this and more in the only spectacular full four-color daily newspaper in the New York market.

Source: ABC circulation (3 month average ending 3/31/91 compared to 1986 Audit).
Newsday Analysis of ABC-Fas-Fax 3/31/91. Newsday Proprietary Readership Study, March 1991

SALES CONTACTS

Tom Reilly
National Advertising Manager
212-339-7544

Patricia Burnagiel
Classified Advertising Manager
516-454-3000

Richard Beekman
Retail Advertising Manager
516-454-2500

John McKeon
Retail Advertising Manager
516-454-2500

John Tewksbury
New York Newsday Advertising Manager
718-575-2500

Reader Service # 7

A LOS ANGELES TRADITION

Hispanic culture is at the root of today's Southern California, and the Hispanic community is a vital part of a thriving Los Angeles. For sixty-four years, *La Opinion* has been the voice of that community. Hispanic marketing isn't new to us — it's our heritage.

THE EMERGING MAJORITY

The Los Angeles market is growing at a rate well above that of the U.S. population as a whole. That growth comes primarily from the Hispanic population, which experienced a growth rate twelve times that of non-Hispanic whites during the 1980's. Sheer numbers make this community a sound investment for targeted advertising. Los Angeles is number one in Effective Buying Income, totalling over $63 billion in retail sales . . . and Los Angeles is one-third Hispanic.

UNDUPLICATED REACH

Unlike many other metro dailies, *La Opinion's* primary market is not defined geographically, but rather demographically. Of the nearly 2 million Hispanic adults in Los Angeles and Orange counties, 82% are Spanish-dominant, preferring to obtain and exchange news and information in Spanish. *La Opinion's* penetration of this Spanish-dominant Hispanic market is 386,700, or 24%, over a 6-day week. *La Opinion* has virtually no duplication with other area newspapers, either Spanish or English.

LA OPINION READERSHIP

The majority of *La Opinion* readers are 18 to 34, and most have been in the area less than five years. This gives advertisers a premium opportunity to establish brand awareness and shopping loyalty. In addition, our larger-than-average household size means increased product consumption.

EDITORIAL PRODUCT

The *La Opinion* reader is highly interested in our regular editorial features and special sections. 90% of readers rated *La Opinion's* overall coverage as excellent/very good, and 91% judged *La Opinion* to be "complete, covering all the news I want or need." *La Opinion* offers readers daily coverage of international, national and local news, sports and entertainment, as well as a Thursday food section and Sunday entertainment tabloid. Sundays also offer full-color comics, a TV guide, and a family/lifestyle section.

SPECIAL SERVICES

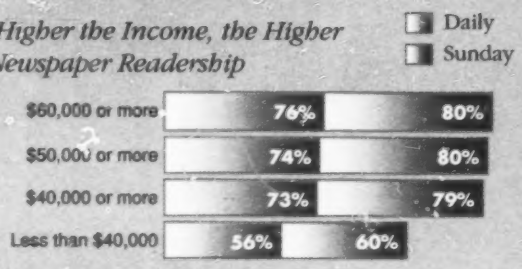
Additional information on *La Opinion* and the Los Angeles Hispanic market is available through the Marketing Department, *LA OPINION*, 411 W. Fifth Street, 11th Floor, Los Angeles, CA 90013, (213) 896-2020.

Reader Service # 8

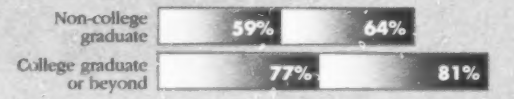
Newspaper Readers

The most frequent newspaper readers are the best targets for most advertisers

The Higher the Income, the Higher the Newspaper Readership



Newspaper Readership Increases Sharply With Education



Newspaper Readership Increases With Job Responsibility

Source: *SMRB, SMM 1990*

Consumers overwhelmingly favor newspapers over direct mail as an effective shopping guide

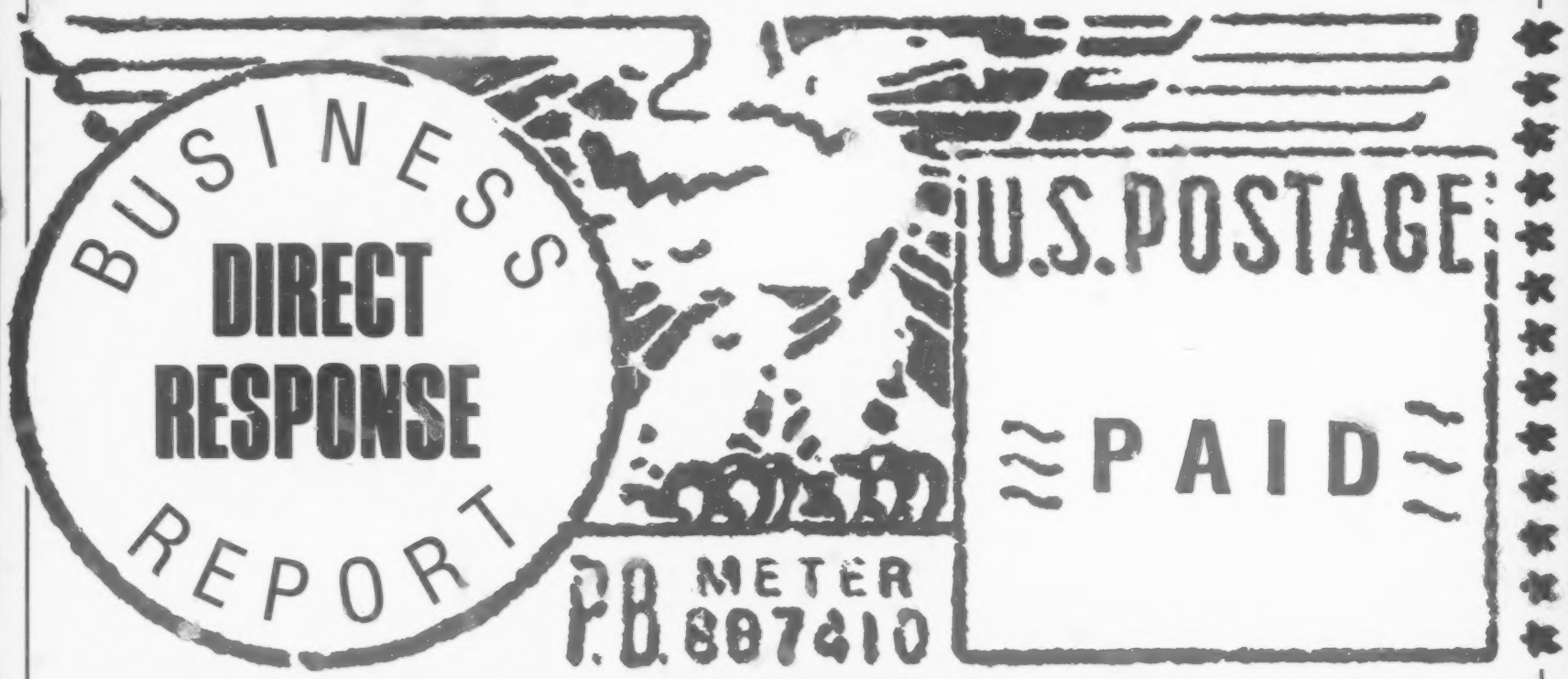
	Newspapers	Direct Mail	Don't Know No Answer
Makes it easier to compare prices at different stores	78%	19%	3%
Helps me to decide where to shop	77%	18%	5%
Advertises the kinds of products I'm most interested in buying	65%	29%	5%
Gets me when I'm in the mood to read	62%	34%	4%
Makes products look a lot better than they are	28%	66%	6%

Source: *Henry Senft Research Associates, as reported in "One Day's Mail," NAB 1987.*

When it's relevant to the Hispanic Community...

LA OPINION

411 West Fifth Street, Los Angeles, CA 90013
(213) 896-2300



Recession felt, but direct shops gain

Surprisingly strong volume increase of 15% keeps agencies mostly optimistic

By Kenneth Wylie

The direct-response industry seemed to defy the recession as it held its own through most of 1990.

According to the 1991 *Advertising Age* direct-response agency survey, the recession's heaviest blows still had not been felt by yearend.

As a result, total 1990 U.S. direct-response dollar volume for surveyed agencies rose 15.2% to $4.1 billion.

This gain far surpasses the 9.5% growth predicted by agency executives last year. It also outstrips U.S. direct-response volume gains of 12% in 1989 and 9.6% in 1988.

"We're quite optimistic despite the recession," says Ronald Greene, president of Devon Direct Marketing & Advertising, Berwyn, Pa. "We're finding the marketplace terribly buoyant."

"In recessionary times . . . if [companies] have $60 million in advertising for awareness and $10 million in direct marketing, they can afford to take $3 million from advertising and move it to direct for tactical purposes," says Murray Bowes, chairman-ceo, Bowes Dentsu & Partners, Los Angeles. "Historically,

On a roll: Data-base billings soar 32.7%. **Page 35**

companies in high-tech, automobiles, package goods and financial services will make such reallocations," he says.

Even so, some recession-induced uneasiness is evident in the industry.

"The recession has been felt," says Russell Kern, president of Kern/Mathai Direct Marketing, Los Angeles. "But there are two good areas for us: the high-tech [market], which is still showing good results with direct mail, and financial services, which slowed from July 1990 to January 1991 but is now coming back with caution."

The survey shows little juggling at the top of the industry rankings.

Leading the field among direct-response agencies, as they have for the last five years, are top-ranked Ogilvy & Mather Direct, New York, followed by Wunderman Worldwide, New York.

O&M Direct showed a substantial 16.1% increase over 1989 U.S. total volume, climbing to $[illegible] million in 1990. No. 2 Wunderman saw U.S. volume grow 9.3% to $254.4 million in 1990.

"Microsoft, which we started with in 1989, showed good gains in 1990," says O&M Direct Chairman-CEO Jerry Pickhardt of the 16% gain. "Avon CARD, American National Bank and Xerox, plus new business from existing clients American Express and AT&T [all contributed to the] gain in volume."

Rapp Collins Marcoa, Chicago, retaining the No. 3 spot, saw U.S. volume grow 7.6% in 1990 to $243.2 million. Direct Marketing Group, New York, the No. 4 agency, slipped 2.3% to $146.2 million in 1990. DMG's commitments to finance-related clients may have played a part in the drop.

"1990 was a year of recession on a national scale," says Chairman John de Pasquale. "It was hard on the service industries, and direct marketing is a service." He hopes the industry's attempts to "penetrate the package-goods business" will counter losses in other markets.

Among agencies with direct-response billings, Foote, Cone & Belding Communications, Chicago, held No. 1 again by a comfortable margin. The agency's direct-response volume inched up 1.9% in 1990, to $214.3 million.

No. 2 on the list is Lintas:Marketing Communications, Warren, Mich., with its U.S. direct-response volume up by 14.4% in 1990, to $123 million. Volume at the No. 3 agency, Clarion Marketing & Communications, Greenwich, Conn., rose 13.8% to $52.9 million.

Direct mail continues to be the main medium carrying the direct-response message. Direct mail accounted for nearly 66%, or $1.4 billion, of total direct-response media spending.

Total U.S. direct-response media billings climbed 18.3% in 1990, to $2.1 billion. This total applies only to agencies that broke out billings by media on survey forms.

Commissionable billings for direct-response media rose about 19.5% to $780.1 million in 1990. Materials and services—mark-ups for outside work—jumped 28.3% to $411.1 million.

> **"In recessionary times . . . [some companies] can afford to take $3 million from advertising and move it to direct for tactical purposes.'**

Capitalized fees—derived by equating agency fees with billings—rose 17%, to nearly $2 billion in 1990. Worldwide volume of reporting agencies increased 16% reaching $5.1 billion, compared with $4.4 billion in 1989.

None of the fiscal advances shown this year deny the larger economic realities of 1990 and 1991, however.

"The recession has had an effect," says Barbara Lask, president of Smith Lask Associates, Chicago. "But the economic difficulties are more precipitated by the postage increase," she says. "As a direct result of the recession, clients canceled projects, plus they cut down the number of mailings and the quantity per mailing."

"We lost two retail clients," says James Bloch, president of James & Thomas, Chicago. "We're running into a group of marketing managers who want tighter control, so they take work in-house."

For the immediate future, hopes are up among most U.S. direct-response agencies. Among all agencies responding to the survey, nearly two-thirds look for an upswing in 1991.

Nearly 64% expect business to increase, with 28.4% looking for 1% to 5% increases in direct-response spending by clients, and another 18.8% looking for a 6% to 10% rise.

McCann Direct President William Morrissey, who predicts a 6% to 10% rise, expects business to be solid and growing for a long time—even 10 years down the road. But it's not an all-bright horizon.

"Long term, as the cost of information goes down and the need for targeting specific consumers goes up, the direct-response industry will benefit," he says.

"With the demand by consumers to be treated as individuals, and the recognition by clients that direct response can deliver that targeting, we can look for a merger of general advertising with direct marketing. The mix will create something new that better meets the needs of consumers."

"1991 is . . . a time to be cautiously optimistic, to wait and see," says Mr. Pickhardt. Beyond 1991, however, "The future looks very hopeful. We're on the growth side of the [marketing] equation. We are moving into a good environment for one-on-one marketing, relationship marketing."

Less than a quarter of respondents, 23.1%, expect client spending to drop in 1991. One of those is Mr. Bloch, who doesn't expect clients to bounce back soon. He predicts business could be down 6% to 10% in 1991.

"We do have a significant portion of clients holding back on advertising, promotion, brochures, catalogs until they see the light at the end of the tunnel," he says. "Now, in the spring of 1991, we are seeing some light, but they are not opening their wallets." □

Kenneth Wylie is an Evanston, Ill.-based free-lance writer.

Top U.S.-based direct-response agencies by U.S. volume

Rank '90	Rank '89	Agency, headquarters	Direct response volume 1990	1989	% chg	Media billed as % of 1990 volume TV	Radio	Print	Direct mail	Top executive	Telephone	Signed
1	1	**Ogilvy & Mather Direct**, New York	$354,180	$304,980	16.1	25.5%	0.[illegible]	3.2%	68.3%	Jerome W. Pickholz, chmn, ceo	(212) 237-6000	
2	2	**Wunderman Worldwide**, New York	254,374	232,776	9.3	28.7%	0.5%	22.1%	48.7%	Lester Wunderman, chmn	(212) 941-3000	✓
3	3	**Rapp Collins Marcos**, Chicago	243,160	226,000	7.6	8.8%	0.7%	13.4%	31.1%	David Hefter, chmn	(312) 454-0660	✓
4	4	**Direct Marketing Group**, New York	146,200	149,600	(2.3)	NA	NA	NA	NA	John A. de Pasquale, chmn	(212) 355-2530	
5	6	**Kobs & Draft Advertising**, Chicago	134,300	116,900	14.9	15.2%	2.5%	13.1%	10.5%	Howard Draft, president	(312) 944-3500	✓
6	11	**Bronner Slosberg Humphrey**, Boston	127,226	79,789	59.5	NA	NA	NA	NA	Michael E. Bronner, ceo	(617) 737-2020	✓
7	5	**Grey Direct**, New York	120,000	119,000	0.8	12.5%	NA	25.8%	51.7%	George Wiedemann, president	(212) 303-2300	✓
8	14	**DMCA Direct**, Bridgeton, Mo.	107,768	61,345	75.7	NA	NA	NA	100.0%	Michael T. McSweeney, president, ceo	(314) 344-8000	
9	8	**Saugatuck Group**, Westport, Conn.	102,399	100,690	1.7	NA	NA	0.5%	NA	Gary Oakley, chmn, ceo	(203) 226-8166	
10	7	**Barry Blau & Partners**, Fairfield, Conn.	100,916	101,175	(0.3)	NA	NA	NA	NA	Barry Blau, chmn	(203) 254-3700	✓
11	16	**Chapman Direct**, New York	100,097	48,198	107.7	14.0%	1.0%	16.0%	60.0%	William P. Sutherland, president, ceo	(212) 614-3880	✓
12	9	**Bowes Dentsu & Partners**, Los Angeles	97,119	92,401	5.1	NA	NA	NA	NA	Murray R. Bowes, chmn, ceo	(213) 930-5100	✓
13	13	**Cohn & Wells/Eurocom**, San Francisco	96,027	64,393	49.1	NA	NA	4.9%	95.1%	Bradley Wells, chmn, mgng ptnr	(415) 788-0525	
14	10	**Devon Direct Marketing & Advertising**, Berwyn, Pa.	94,200	82,000	14.9	NA	NA	3.4%	57.0%	R. Greene, J. Perry, mgng dirs	(215) 644-0333	✓
15	12	**Customer Development Corp.**, Peoria, Ill.	68,527	68,873	(0.5)	NA	NA	NA	100.0%	Thomas Lund, chmn	(309) 689-1000	
16	18	**Saatchi & Saatchi Direct**, New York	61,936	43,542	42.2	NA	NA	NA	NA	Debra Newkerk, president	(212) 463-3600	
17	19	**GSP Marketing Services**, Chicago	55,236	43,315	27.5	NA	NA	NA	NA	Richard Grunstein, president	(312) 944-3000	✓
18	15	**Lowe Direct**, New York	52,500	55,000	(4.5)	NA	NA	NA	NA	J. Robert Lieber, mgng dir	(212) 708-8850	✓
19	17	**Ayer Direct**, New York	50,000	48,000	4.2	NA	NA	NA	NA	Beverly Beaudoin, exec vp, gen mgr	(212) 474-5000	
20	23	**Perkins/Butler Direct Marketing**, New York	49,000	35,000	40.0	NA	NA	NA	NA	Bill Butler, chmn, ceo	(212) 243-6868	✓
21	20	**McCann Direct**, New York	46,000	40,000	15.0	NA	NA	NA	NA	William Morrissey, exec vp	(212) 286-0460	✓
22	21	**Intergroup Marketing & Promos.**, Bloomfield Hills, Mich.	43,697	39,492	10.6	NA	NA	NA	NA	David Sowe, cfo	(313) 433-5200	✓
23	27	**Barnum & Souza**, New York	43,000	27,380	57.0	7.6%	NA	31.1%	NA	Jay Vigotov, exec vp	(212) 995-2990	
24	22	**Walter Latham Co.**, Broadview, Ill.	42,000	39,000	7.7	NA	NA	NA	100.0%	B[illegible] Soljacich, president	(708) 345-8787	
25	25	**Stenrich Group**, Glen Allen, Va.	39,123	29,021	34.8	NA	NA	NA	90.6%	S[illegible]en R. Isaac, president	(804) 747-1202	
26	24	**Manus Direct Response Marketing**, Seattle	36,700	31,200	17.6	NA	NA	NA	100.0%	Cliff Asplund, president	(206) 325-2200	
27	36	**Williams Television Time**, Santa Monica, Calif.	31,427	17,573	78.8	100.0%	NA	NA	NA	Kathleen Williams, president, ceo	(213) 828-8600	✓
28	30	**Brierly & Partners**, Dallas	30,650	23,181	32.2	NA	NA	100.0%	NA	Harold Brierly, president	(214) 760-8700	✓
29	26	**Steinert & Associates**, New York	28,047	27,500	2.0	NA	NA	13.0%	73.1%	Jan Allan Steinert, president, ceo	(212) 889-5000	
30	35	**Wilson Sculley Associates**, St. Louis	25,574	18,336	39.5	NA	NA	NA	57.2%	John W. Sculley, president	(314) 434-1870	✓
31	28	**Lawrence Butner Advertising**, New York	25,246	25,240	0.0	63.9%	11.9%	3.4%	3.3%	Lawren[illegible]tner, president	(212) 682-3200	✓
32	41	**McClure & Co.**, Valley Forge, Pa.	22,438	15,001	49.6	15.2%	NA	24.8%	60.0%	Thomas R. McClure, president	(215) 933-0933	✓
33	37	**Herring/Newman**, Seattle	21,321	16,985	25.5	NA	NA	NA	NA	Phil Herring, president	(206) 343-9654	✓
34	32	**Fox MMJM Direct**, New York	21,105	20,071	5.1	0.5%	NA	41.0%	44.8%	Neil S. Fox, president, ceo	(212) 683-0002	✓
35	40	**Wakeman & deForrest**, Irvine, Calif.	18,178	15,281	19.0	1.4%	2.5%	7.6%	29.6%	William W. Junkin, president, ceo	(714) 261-2424	
36	34	**Sandven & Associates**, Overland Park, Kan.	17,570	18,431	(4.7)	NA	NA	NA	NA	Frederick M. Sandven, president	(913) 338-3600	
37	38	**Kern/Mathai Direct Marketing**, Los Angeles	17,328	16,348	6.0	NA	NA	NA	NA	Russell Kern, president	(213) 473-6006	
38	42	**Tracy-Locke Direct**, Dallas	16,650	14,400	15.6	2.4%	4.9%	15.2%	NA	David Kubes, president	(214) 969-9000	✓
39	39	**Sacks & Rosen Response Strategems**, New York	16,005	16,000	0.0	6.2%	3.1%	15.6%	50.0%	Leonard Sacks, president	(212) 826-4004	
40	31	**Nash Direct**, New York	15,675	21,003	(25.4)	3.2%	2.6%	4.5%	2.6%	Edward Nash, president	(212) 758-0120	
41	43	**More Direct**, Minneapolis	15,501	13,584	14.1	NA	NA	NA	NA	Mark Morris, ceo	(612) 872-1616	
42	45	**Townsend Agency**, Rosemont, Ill.	15,394	12,413	24.0	NA	1.5%	NA	98.5%	David Ives, vp	(708) 318-9010	
43	29	**Bozell Direct**, New York	15,100	23,300	(35.2)	NA	NA	100.0%	NA	Mike Sowyak, vp mgr	(212) 727-5000	✓
44	NA	**Direct Marketing Agency**, Stamford, Conn.	14,674	NA	NA	NA	NA	1.1%	13.9%	Norman J. Suslock, chmn, president	(203) 325-2800	
45	76	**David Deutsch Associates**, New York	13,500	800	1,587.5	80.0%	5%	5.9%	11.1%	David Deutsch, chmn	(212) 995-7500	
46	46	**Karl Rove & Co.**, Austin, Texas	1[illegible]276	10,661	24.5	NA	NA	NA	30.3%	Karl Rove, president	(512) 479-6601	
47	44	**Hal Langerman Co.**, Blue Bell, Pa.	13,173	12,656	4.1	NA	NA	NA	NA	Doris Tustin, mgng ptnr	(215) 646-5939	
48	33	**Berenson, Isham & Partners**, Boston	12,835	18,691	(31.3)	0.2%	0.2%	4.3%	14.8%	Paul S. Berenson, president	(617) 423-1120	✓
49	49	**Lortz Direct Marketing**, Omaha, Neb.	12,322	8,651	42.4	10.8%	NA	77.7%	0.8%	Gary Lortz, president	(402) 331-5740	✓
50	58	**Creative Direct Marketing Group**, Torrance, Calif.	10,085	4,613	118.6	NA	NA	NA	NA	Craig A. Huey, president	(213) 212-5727	
51	50	**Database Marketing Corp.**, Burlington, Mass.	9,608	7,750	24.0	NA	NA	NA	100.0%	Bill Davis, president	(617) 270-3500	
52	53	**Fletcher, Gampper & Wirth**, Kansas City, Mo.	8,332	6,411	30.0	NA	NA	23.3%	9.5%	Andy Fletcher, president, ceo	(816) 471-1880	
53	54	**Ronald James Direct**, Los Angeles	8,000	5,500	45.5	NA	NA	2.5%	87.5%	James Pennington, ptnr	(213) 445-0810	
54	NA	**RSHS-Direct**, New York	7,350	NA	NA	NA	0.4%	28.0%	63.0%	Harry Kraus, mgng dir, sr vp	(212) 505-0200	✓
55	64	**Kobs, Gregory & Passavant**, Chicago	7,015	3,152	122.6	0.7%	NA	3.1%	NA	James F. Kobs, president	(312) 819-2300	✓
56	52	**Smith Lask Associates**, Chicago	6,795	6,411	6.0	NA	NA	1.0%	3.4%	Barbara Lask, president, cd	(312) 222-1900	✓
57	47	**Ad Hoc Marketing Resources**, New York	6,674	9,620	(30.6)	NA	NA	0.5%	NA	P. Carlson, exec vp	(212) 947-7100	
58	48	**Communique**, Brookfield, Wis.	6,550	9,408	(30.4)	NA	NA	NA	NA	Richard Schmidt, president	(414) 785-0400	✓
59	68	**Targetcom Inc.**, Chicago	6,497	2,306	181.8	NA	NA	0.6%	14.9%	Jay Miller, president	(312) 266-0824	
60	56	**Sheldon Fredericks Advertising**, Stamford, Conn.	5,275	4,988	5.8	8.7%	0.8%	25.0%	50.1%	Fred Schwartz, president	(203) 324-0051	✓
61	59	**Sader & Associates**, New York	5,268	4,473	17.8	45.8%	NA	16.1%	2.1%	Archie A. Sader, president	(212) 725-0770	✓
62	NA	**Directech Inc.**, Lexington, Mass.	5,202	4,602	13.0	NA	NA	1.4%	97.6%	Barry Silverstein, president	(617) 861-9797	
63	61	**Bright Ideas**, Tarzana, Calif.	5,103	4,053	25.9	NA	NA	18.1%	81.9%	David Ohringer, president	(818) 342-1551	
64	60	**Tacito Associates**, Dallas	4,800	4,400	9.1	NA	NA	NA	100.0%	A.J. Tacito, president, ceo	(214) 458-2026	
65	57	**K.I. Lipton Inc.**, Doylestown, Pa.	4,450	4,685	(5.0)	NA	NA	12.8%	NA	K.I. Lipton, president	(215) 345-4525	✓
66	65	**Integrated Target Marketing**, Cleveland	4,038	2,846	41.9	NA	NA	4.8%	58.5%	John M. Coe, president	(216) 899-1700	✓

Notes: Dollars are in thousands. See below for methodology. ✓ indicates agency received signature of an independent accountant verifying figures supplied to AA. Rankings for both years computed from figures reported in 1991

(Ranking continues on Page 34.)

METHODOLOGY

Agencies ranked in this report were separated into direct-response agencies and agencies with direct-response billings.

Direct-response agencies must draw 50% of their total billings from direct response. They are ranked, however, by 100% of their billings. If a direct-response total can be isolated for an advertising agency division or subsidiary, the unit appears as a direct-response agency.

The second ranking identifies agencies whose direct-response activity is less than 50% of total billings. This group largely consists of direct-response billings from advertising agencies.

Rankings are by volume or capitalized billings. Capitalizing brings fees to a billings equivalent by using a 6.67 multiplier. The terms "billings" and "volume" are used interchangeably. □

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Top U.S.-based direct-response agencies (continued)

Rank '90	Rank '89	Agency, headquarters	Direct-response volume 1990	1989	% chg	Media billed as % of 1990 volume TV	Radio	Print	Direct mail	Top executive	Telephone	Signed
67	55	**PSW Direct**, Portland, Ore.	$3,921	$5,028	(22.0)	NA	NA	NA	NA	John Pihas, president	(503) 279-4000	
68	51	**Haynes & Pittenger Direct**, Indianapolis	3,670	6,653	(44.8)	NA	NA	NA	37.0%	Thomas J. Haynes, president	(317) 328-4650	✓
69	67	**Hogan & Associates**, Shawnee Mission, Kan.	3,209	2,513	27.7	NA	NA	4.9%	34.2%	Earl Hogan, president	(913) 677-4580	✓
70	62	**Murphy/Roberts & Associates**, Burbank, Calif.	3,175	3,500	(9.3)	93.7%	NA	0.8%	NA	Tom Roberts, president	(818) 700-6490	
71	74	**National Response Corp.**, Dallas	3,114	944	229.9	NA	NA	65.0%	NA	Phil Kratzer, president	(214) 443-9797	✓
72	63	**James & Thomas**, Chicago	2,588	3,263	(20.7)	NA	2.6%	22.0%	0.8%	William J. Bloch, president	(708) 799-6224	
73	69	**G/R Direct**, Watertown, Mass.	2,366	2,091	13.2	NA	NA	9.1%	90.9%	Richard L. Warren, president	(617) 926-5030	
74	66	**MWA Direct**, Minneapolis	2,112	2,645	(20.1)	NA	NA	NA	100.0%	Michael R. Wikman, president	(612) 522-3673	
75	70	**Liggett Stashower Direct**, Cleveland	2,100	1,700	23.5	NA	NA	NA	NA	Sylvia Morrison, vp, gen mgr	(216) 348-8500	✓
76	73	**MARC Direct**, Pittsburgh	1,972	980	101.2	NA	NA	NA	100.0%	Lisa Bell, dir direct mktg	(412) 562-2000	✓
77	78	**Ronald A. Bernstein Associates**, Chicago	1,701	665	155.7	2.9%	NA	8.8%	2.9%	Ronald Bernstein, president	(312) 440-3700	
78	72	**NKH&W Marketing Communications**, Kansas City, Mo.	1,700	1,045	62.7	NA	11.8%	29.4%	17.6%	F. Peter Kovac, president	(816) 842-8881	
79	75	**Duunyk**, Horsham, Pa.	1,500	900	66.7	NA	13.3%	66.7%	20.0%	Edward J. Shields, exec vp	(215) 443-9406	
80	71	**Harris Brandt Advertising**, Woodmere, N.Y.	1,428	1,402	1.8	5.0%	5.0%	10.0%	80.0%	Harris Brandt, president	(516) 569-7266	✓
81	77	**Warner, Bicking & Fenwick**, New York	1,171	770	51.9	NA	NA	NA	NA	Andrew Morris, president	(212) 759-7900	
82	NA	**R.F. Broadus & Associates**, Atlanta	888	0	NA	NA	NA	78.9%	NA	Robert F. Broadus, president	(404) 237-1503	✓
83	NA	**L.H. Advertising Agency**, Scarsdale, N.Y.	667	0	NA	NA	NA	NA	NA	Leon Henry, ceo	(914) 723-3176	
84	79	**Communicators Group**, Brattleboro, Vt.	103	77	34.4	NA	NA	NA	NA	James E. Hormel, president	(802) 257-4321	✓

Notes: Dollars are in thousands. See Page 32 for methodology. ✓ indicates agency received signature of an independent accountant verifying figures supplied to AA.

Costlier mail to get more intelligent

Despite February's postal rate hike, U.S. direct-response agencies are sticking with the U.S. Postal Service.

That's the majority decision of the 1991 *Advertising Age* direct-response agency survey. More than 53% of survey respondents say they are not likely to use alternate-delivery options in 1991.

"Most of our clients . . . take the attitude, 'You've got to live with it,' " says William Morrissey, exec VP-worldwide director, McCann Direct, New York.

But the industry is reacting to increased rates. To cope with higher mail costs, agencies are turning to tactical regrouping.

U.S. direct-response agencies are paring lists, using them more selectively and winnowing data bases to make sure they reach the most qualified prospects.

Because of the rate increase, 52.4% of respondents expect to lower direct-mail production costs, 51.2% plan fewer mailings, and 66.7% expect to cut the number of prospects receiving direct-mail efforts. Overall direct-response budgets are safe from cuts, say 51.2% of respondents.

"Mail will be used much more intelligently," says David Hefter, chairman of Rapp Collins Marcoa, Chicago. "We will make more use of data bases, find out more about the prospect, mail more directly to each prospect."

Bowes Dentsu & Partners, Los Angeles, "is getting better [at data-base marketing] all the time, so we're dropping less valuable names," says Chairman-CEO Murray Bowes.

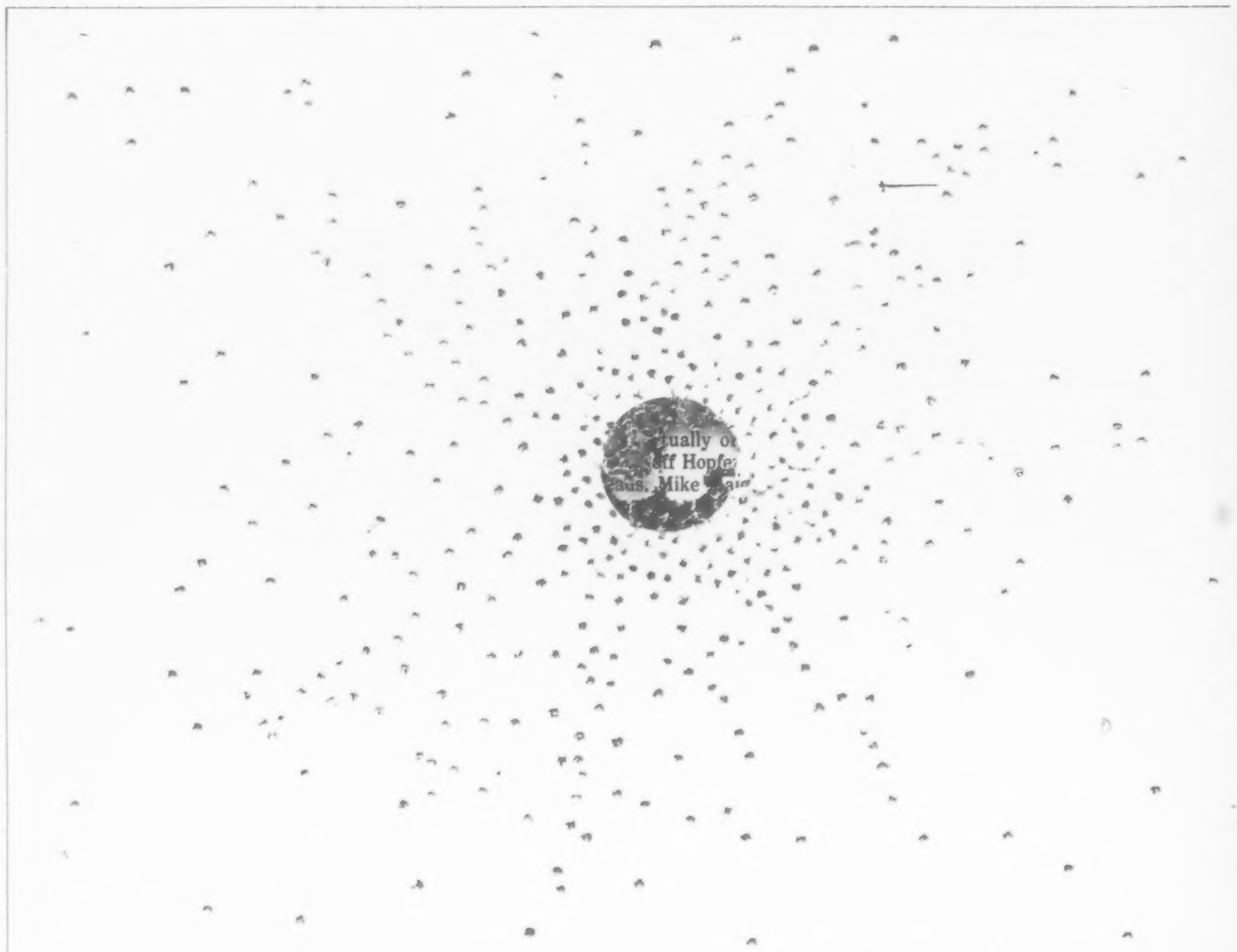
"The difference is we've sorted and know who are prospects and who are merely suspect, so even with 25% higher postage we can stay even with costs."

In reaction to the postal increase, 57.1% of respondents say it is "likely" or "very likely" they will increase their use of non-mailed media.

Respondents don't expect the

(Continued on Page 35)

Contributing to this section were Milwaukee-based free-lance writer Peg Masterson and Denver-based free-lance writer Nan O'Neil.



Most Companies Do Targeted Direct Marketing By Default.

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Top U.S. ad agencies by direct-response billings

Rank '90	Rank '89	Agency, headquarters	Direct-response volume 1990	1989	% chg	Top executive	Telephone	Signed
1	1	**Foote, Cone & Belding Communications**, Chicago	$214,300	$210,400	1.9	James Tennant, sr vp	(312) 751-7000	✓
2	2	**Lintas:Marketing Communications**, Warren, Mich.	123,002	107,522	14.4	J. Bernardin, chmn	(313) 574-3400	✓
3	3	**Clarion Mktg. & Communications**, Greenwich, Conn.	52,886	46,480	13.8	Barry Sideroff, sr vp	(203) 531-3600	✓
4	5	**Ross Roy Group**, Bloomfield Hills, Mich.	44,736	35,291	26.8	Leonard Short, sr vp, gen mgr	(313) 433-6000	
5	4	**Hill, Holliday, Connors, Cosmopulos**, Boston	31,242	35,945	(13.1)	George J. Hill, chmn	(617) 437-1600	✓
6	7	**Kallir, Philips, Ross**, New York	27,214	20,183	34.8	Eileen Marshall, sr vp, gen mgr	(212) 856-8400	✓
7	6	**Earle Palmer Brown Cos.**, Bethesda, Md.	25,500	22,600	12.8	Jeremy Brown, ceo	(301) 657-6000	
8	8	**Admarketing Inc.**, Los Angeles	20,580	19,300	6.6	Jack Roth, president, ceo	(213) 203-8400	
9	9	**Cramer-Krasselt Direct**, Chicago	18,583	17,429	6.6	Peter Krivkovich, president	(312) 616-9600	✓
10	12	**Gross Townsend Frank Hoffman**, New York	18,000	10,000	80.0	Alan Gross, president	(212) 886-3000	✓
11	23	**Ally & Gargano**, New York	14,000	5,910	136.9	William Luceno, ceo	(212) 688-5300	
12	18	**Klemtner Advertising**, New York	12,100	7,900	53.2	Gavin A. Scott, president, ceo	(212) 463-3400	
13	17	**W.B. Doner & Co.**, Southfield, Mich.	11,019	8,189	34.6	H.D. Fried, chmn	(313) 354-9700	
14	11	**William Biggs/Gilmore Associates**, Kalamazoo, Mich.	10,325	10,269	0.5	C. Barton, vp, gen mgr	(616) 349-7711	
15	NA	**Ammirati & Puris**, New York	10,000	NA	NA	Gary Derish, creative dir	(212) 206-0500	
16	16	**S.R. Leon Co.**, Oyster Bay, N.Y.	9,650	8,500	13.5	Thomas Leon, president, ceo	(516) 922-0031	✓

Notes: Dollars are in thousands. See Page 32 for methodology. ✓ indicates agency received signature of an independent accountant verifying figures supplied to AA.

(Ranking continues on Page 36.)

(Continued from Page 34)

postal hike to hurt U.S. dollar volume in a big way. More than 38.1% say it will have no impact, while 16.8% say their dollar volume projections would either be flat or increase up to 4.9% without the postal hike. Another 10.7% say the hike will hit them harder, projecting business would have improved 5% to 9.9% over projections without the postal increase.

The postal-rate jump also is pushing direct-response shops to come up with more creative solutions to problems, say some respondents. "Postal increases," says Mr. Bowes, "force us to be better marketers."

—Ken Wylie

Data-base billings soar 32.7%

Speculation about the potential of data-base marketing is fast being replaced with hard data testifying to its revenue-generating power.

Advertising Age's survey of direct-response agencies shows a 32.7% jump in billings, to $59 million, generated by internal data-base operations in 1990. Actual data-base business volume is believed much higher because only 17 agencies provided information on their data-base activities.

Also keep in mind data-base marketing still is in its infancy, says David Hefter, chairman of Rapp Collins Marcoa of Chicago, who along with 42.9% of survey respondents says data-base marketing has "high" growth potential for 1991.

Targeting customers by means of computerized information will become further refined as new demographic and U.S. Census data are included, says Mr. Hefter.

He says targeting also allows clients to purge less-qualified prospects from their circulation. "It's the future of all marketing," Mr. Hefter says.

Survey respondents' gross billings from telemarketing also saw a big leap in 1990: up 46.6% from 1989 to $5.6 million.

But survey respondents expect little to no growth for 800 and 900 numbers and telemarketing solicitation in 1991.

That response may result from negative consumer reaction to out-bound telemarketing, says Murray Bowes, chairman-ceo of Bowes Dentsu & Partners, Los Angeles. Those pressures could bring the medium under governmental regulation if the industry doesn't do something soon, he says.

"There are some real issues of privacy. I believe if the industry doesn't regulate itself, it will be regulated," Mr. Bowes warns.

Survey respondents report catalogs—the great-granddaddy of direct-marketing tools—showed a 36.7% increase in revenues, but 57.2% of respondents expect little or no catalog growth in '91.

Added costs from the postal increase and a crowded field of competitors will weed out weak contenders in the catalog market in 1991, says Mr. Hefter.

Nevertheless, "the big positive that will keep catalogs going is the fact that no one is at home anymore," Mr. Bowes says.

—Nan O'Neil

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Top U.S. ad agencies by direct-response billings (continued)

Rank '90	Rank '89	Agency, headquarters	Direct-response volume 1990	1989	% chg	Top executive	Telephone	Signed
17	14	**Abelson-Taylor**, Chicago	$8,880	$8,761	1.4	Marv Abelson, chmn	(312) 781-1700	✓
18	20	**Creswell, Munsell, Fultz & Zirbel**, Cedar Rapids, Iowa	8,580	6,316	35.8	F.C. Baker, president	(319) 395-6500	✓
19	13	**Baxter Gurian & Mazzei**, Beverly Hills, Calif.	8,100	9,300	(12.9)	Donald Baxter, chmn	(213) 657-5050	✓
20	19	**Messner Vetere Berger Carey Schmetterer**, New York	8,000	7,500	6.7	Robert Schmetterer, president	(212) 886-0200	
21	10	**Marketing Resources**, Overland Park, Kan.	7,417	12,130	(38.9)	Frank G. Weyforth, ceo	(913) 648-8333	
22	26	**Girgenti Hughes Butler & McDowell**, New York	7,330	5,030	45.7	Steven Girgenti, president, ceo	(212) 481-7080	✓
23	15	**Ketchum Communications**, Pittsburgh	6,770	8,678	(22.0)	William Genge, chmn	(412) 456-3500	✓
24	24	**Carmichael Lynch**, Minneapolis	6,738	5,770	16.8	Lou Bacig, president	(612) 334-6000	✓
25	21	**J. Richard Smith Advertising**, Old Bethpage, N.Y.	6,363	6,300	1.0	Michael S. Smith, president	(516) 293-8700	✓
26	25	**William Douglas McAdams**, New York	6,100	5,500	10.9	Irwin C. Gerson, chmn, ceo	(212) 698-4000	
27	22	**McCaffrey & McCall**, New York	6,000	6,000	0.0	Robert Cherins, chmn, ceo	(212) 350-1000	
28	NA	**Duffy & Shanley Direct**, Providence, R.I.	5,343	NA	NA	David A. Duffy, president	(401) 274-0001	✓
29	35	**Hesselbart & Mitten**, Fairlawn, Ohio	5,212	3,207	62.5	Keith Sutton, svp	(216) 666-3727	✓
30	28	**Asher/Gould Advertising**, Los Angeles	5,200	4,500	15.6	Bruce Silverman, president	(213) 931-4151	✓
31	27	**Jack Levy & Associates**, Chicago	5,050	4,625	9.2	Jack Levy, president	(312) 332-7540	
32	30	**Weightman Group**, Philadelphia	4,729	4,036	17.2	Charles Coffey, chmn, ceo	(215) 561-6100	
33	36	**Wolf, Mansfield, Bolling**, Buffalo, N.Y.	4,580	3,050	50.2	Larry Wolf, chmn	(716) 866-4000	
34	37	**Floathe Johnson Associates**, Kirkland, Wash.	4,268	3,001	42.2	Maury Floathe, president	(206) 822-8400	✓

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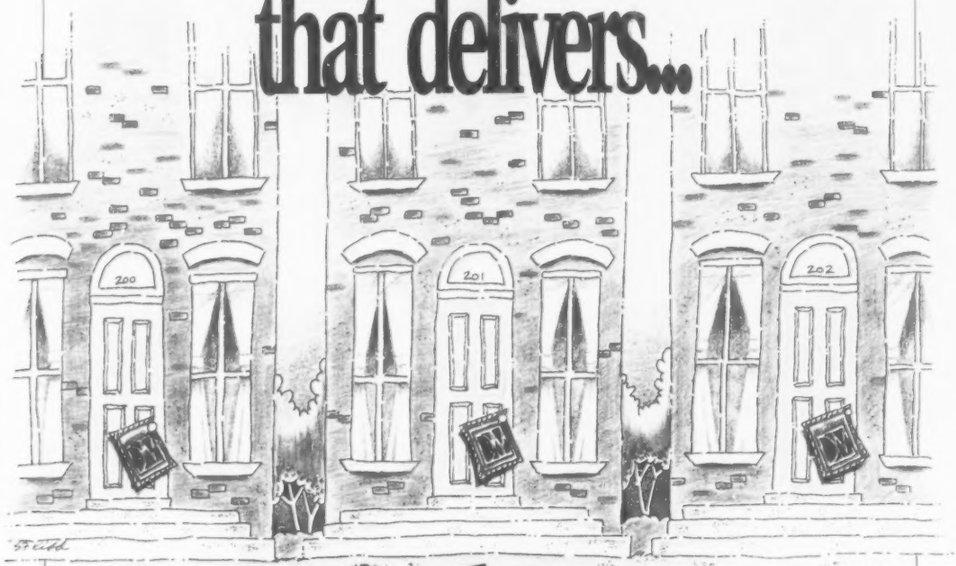

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Direct-sell TV hits a hot button

Don't touch that dial!

Executives at direct-response agencies say there is strong growth potential for direct-response television, some of that coming from advertisers who have never before used direct response in their media mix.

Advertising Age's direct-response agency survey shows TV billings grew 36.8% from 1989 to 1990, compared with 19% growth in print and 15.7% in direct mail. Radio billings decreased 4.11% in the same time period.

Respondents say the use of television will continue to grow in 1991—39.3% give it high growth potential. Despite decrying the postal-rate hike, more than 45% of respondents expect high growth for direct mail in 1991; 39.3% see high growth for print.

Ogilvy & Mather Direct, New York, is projecting high growth for direct-response TV. Pam Reese, the agency's VP-general manager, says several clients recently have reallocated direct-response dollars from print to TV.

TV also is becoming more of an entry-point medium for first-time direct-response marketers, she says.

"We have a couple of clients that weren't doing any direct-response advertising starting with direct-response TV. . . . In the past they most often started with direct mail," Ms. Reese says.

William Sutherland, president of Chapman Direct, New York, sees growth in TV coming from clients who have spent most of their TV dollars in general-awareness advertising.

"They're shifting money into a medium they know, but making it response-oriented," he says. "These kinds of clients want to continue consistency in brand awareness, but at the same time measure [the effectiveness of] their advertising."

Mr. Sutherland sees a new "hybrid" of direct-response TV that is not as hard sell as traditional methods.

"It's a softer sell compared to where the direct-response industry has been in television, but a harder sell for clients who have not been in direct sell," he says.

Ms. Reese sees some growth potential in business-to-business direct mail and says radio—although limited in its appeal—can be used as part of a media plan as well as in markets where TV is not dominant. She also sees growth in non-traditional media such as laser discs and on-line computer access.

—Peg Masterson

Cost-cutting regime: Bring work in-house

Tough times are changing, rather than diminishing, business at direct-response shops, some executives say.

Nearly 27.4% of the agency executives surveyed by *Advertising*

Age say some of their clients have brought some direct-response functions in-house since 1989.

More than 31% of respondents also say clients are subcontracting work independent of their direct-response agencies, cutting shops out of a portion of direct-response activities to contain costs or exercise greater control.

"Direct-marketing agencies are slowly getting out of the business of mass production because the clients can't afford it," says John Coe, president of Integrated Target Marketing, Cleveland.

Clients are aware of the actual costs of production, he says, and some are learning to just say no to comparatively high agency mark-ups.

Mr. Coe predicts agencies that continue to mass produce for clients and charge steep mark-ups will become obsolete, losing out to clients' in-house production departments.

Pam Reese, VP-general manager of Ogilvy & Mather Direct, New York, says although she has seen a trend toward in-house production by clients in the last few years, she also sees agencies growing in the area of strategic consulting.

"In light of the new postal regulations . . . some of our clients are using us as consultants because of the expertise we bring," Ms. Reese says. "They want an objective viewpoint to really make sure they're doing their production the most effective way."

The additional consulting work has "more or less" offset losses in production-generated revenues, says O&M Direct President Shelly Lazarus.

Agencies that have lost work to clients' in-house departments have suffered, she adds. "I think those agencies would have to rethink their whole compensation scheme."

As a result of the shift, some agencies are forming joint ventures and strategic alliances with ancillary service providers, such as computer-service bureaus and telemarketers.

Of the agencies surveyed, 19% have established formal relationships with such service providers, and Ms. Reese predicts that number will climb.

Agencies, however, still need to have an expert on staff to ensure the work is done correctly, she says.

"You have to have people on staff who have a very clear understanding of the area . . . because ultimately you're responsible to the client, so it's your job to make sure you're delivering a high standard," says Ms. Reese.

—Peg Masterson

Top U.S. ad agencies by direct-response billings (continued)

Rank '90	Rank '89	Agency, headquarters	Direct-response volume 1990	1989	% chg	Top executive	Telephone	Signed
35	33	**Slater Hanft Martin**, New York	$3,500	$3,500	0.0	Jerry Martin, chmn	(201) 674-3100	
36	50	**Advertising, Boelter & Lincoln**, Madison, Wis.	3,108	1,214	156.1	Robert Boelter, president	(608) 251-3381	✓
37	40	**Keroff & Rosenberg Advertising**, Chicago	3,000	2,500	20.0	William B. Keroff, ptnr	(312) 321-9000	✓
38	29	**Hal Riney & Partners**, San Francisco	3,000	4,500	(33.3)	Hal Riney, chmn	(415) 981-0950	
39	43	**S.J. Weinstein Associates**, New York	3,000	2,000	50.0	Barry R. Frankel, president	(212) 206-0222	✓
40	32	**Lally, McFarland & Pantello**, New York	2,900	3,500	(17.1)	Ronald G. Pantello, president	(212) 532-1000	
41	38	**Marquardt & Roche**, Stamford, Conn.	2,870	2,721	5.5	Susan Uhlick, mgr dir	(203) 327-0890	
42	51	**Centric Communications**, Dayton, Ohio	2,500	1,100	127.3	Timothy J. Hull, coo	(513) 429-1080	✓
43	42	**Salthouse-Torre-Norton**, Rutherford, N.J.	2,136	2,001	6.8	Joe Torre, chmn, ceo	(201) 933-7000	✓
44	49	**Eisner & Associates**, Baltimore	2,050	1,250	64.0	Steven C. Eisner, president, ceo	(301) 685-3390	✓
45	31	**Grant/Jacoby**, Chicago	2,000	4,000	(50.0)	Bruce I. Carlson, chmn	(312) 664-2055	✓
46	41	**Sales Development Associates**, St. Louis	1,821	2,178	(16.4)	Ken Hieronymus, chmn	(314) 862-8828	
47	NA	**Romann & Tannenholz Advertising**, New York	1,680	NA	NA	Gad Romann, chmn	(212) 645-0300	✓
48	45	**Fogarty & Klein**, Houston	1,501	1,610	(6.8)	W.H. Fogarty, R.E. Klein, co-ceos	(713) 528-3354	
49	44	**Launey, Hachman & Harris**, New York	1,401	1,620	(13.5)	Robert E. Launey, president	(212) 679-1702	
50	46	**Kaufman & Maraffi Advertising**, New York	1,400	1,400	0.0	John B. Maraffi, president	(212) 867-0670	
51	48	**Al Paul Lefton Co.**, New York	1,300	1,300	0.0	Al Paul Lefton Jr., president, ceo	(212) 867-5100	
52	52	**Miller Meester Advertising**, Minneapolis	1,290	1,030	25.2	Diane North, vp, dir mktg	(612) 337-6600	

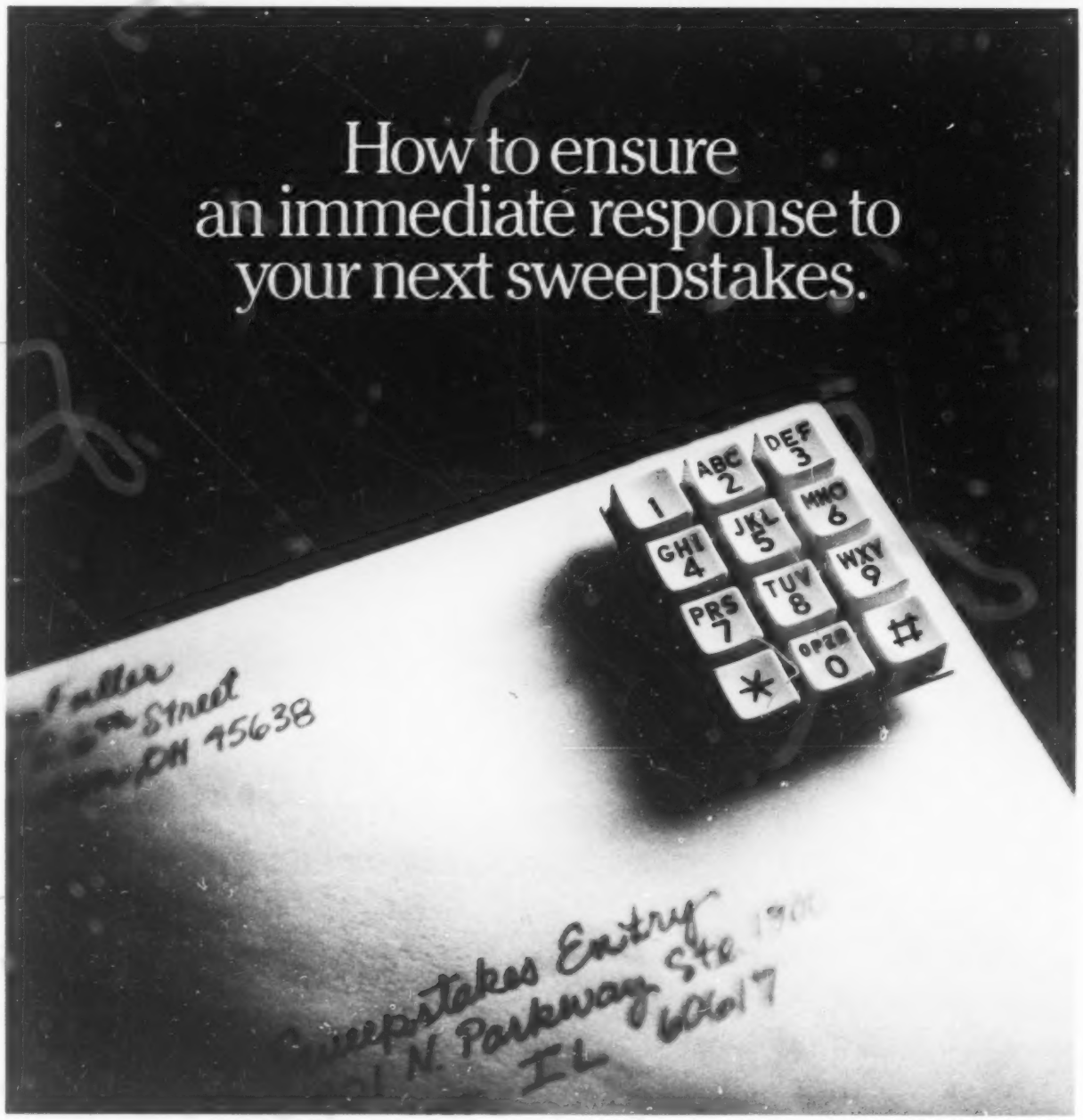
Short client list best for most shops

Keeping all your eggs in one basket may seem a risky business venture, but it appears to be a strategy for achieving stability among direct-response shops.

About 65.5% of direct-response agency executives surveyed by *Advertising Age* have five or fewer clients that account for at least 50% of their dollar volume. Only 20.2% spread the

(Continued on Page 38)

How to ensure an immediate response to your next sweepstakes.



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Top U.S. ad agencies by direct-response billings (continued)

Rank '90	Rank '89	Agency, headquarters	Direct-response volume 1990	1989	% chg	Top executive	Telephone	Signed
53	34	**VanSant, Dugdale & Co.**, Baltimore	$921	$3,267	(71.8)	Kenneth E. Mayhorne, chmn	(301) 539-5400	
54	54	**Larkin, Meeder & Schneidel**, Dallas	915	862	6.1	Carl Larkin, chmn, president	(214) 688-7070	✓
55	57	**Gray Kirk & Evans**, Baltimore	890	685	29.9	Roger L. Gray, president, ceo	(301) 727-4306	✓
56	47	**Partners & Shevack**, New York	883	1,366	(35.4)	Brett Shevack, president, ceo	(212) 245-7300	
57	NA	**Stone, August, Baker Communications Cos.**, Troy, Mich.	811	NA	NA	James M. August, president	(313) 641-0400	
58	56	**Waldbillig & Besteman**, Madison, Wis.	794	733	8.3	William J. Waldbillig, president	(608) 238-4767	
59	60	**MarketAide**, Salina, Kan.	782	545	43.4	Gary Ray, ceo	(913) 825-7161	✓
60	59	**Pedone & Partners**, New York	750	550	36.4	Michael F. Pedone, president	(212) 319-2000	✓
61	NA	**Rhea & Kaiser Advertising**, Naperville, Ill.	656	NA	NA	Stephen L. Rhea, president	(708) 505-1100	
62	55	**Penny/Ohlmann/Neiman**, Dayton, Ohio	633	764	(17.2)	Walter Ohlmann, president, ceo	(513) 278-0681	✓
63	80	**DK Group**, Hillsdale, N.J.	612	111	451.7	Richard Knel, president	(201) 358-6100	✓
64	65	**Quaily & Co.**, Chicago	600	400	50.0	Robert Quaily, president	(312) 944-0237	✓
65	39	**Lord, Dentsu & Partners**, New York	504	2,528	(80.1)	Richard J. Lord, chmn, ceo	(212) 408-2100	✓
66	91	**Buckley DeCerchio Cavalier**, New York	500	50	900.0	Bryan Buckley, chmn	(212) 226-0225	
67	53	**Geer, DuBois**, New York	500	1,000	(50.0)	Peter Geer, chmn	(212) 741-1900	
68	NA	**TH&M Advertising**, Irvine, Calif.	500	NA	NA	Jim Hughes, president	(714) 756-8326	✓
69	68	**John Risdall Advertising**, New Brighton, Minn.	469	327	43.5	John Risdall, president	(612) 631-1098	✓
70	62	**DFK Advertising**, New York	435	435	0.0	Herbert Fried, president	(212) 696-0766	✓
71	66	**Traban, Burden & Charles**, Baltimore	420	400	5.0	Robert Matz, president, ceo	(301) 347-7500	✓
72	64	**Lyons Inc.**, Wilmington, Del.	390	400	(2.5)	William N. Spiker, chmn	(302) 654-6146	✓
73	74	**Arnold Advertising**, Boston	375	201	86.1	Ed Eskandarian, chmn, ceo	(617) 357-1900	✓
74	67	**Hallmark Advertising**, Pittsburgh	350	330	6.1	Marvin Jacobson, president	(412) 471-5300	
75	58	**Soghigian & Macuga**, Washington	325	600	(45.8)	Harry Soghigian, chmn	(202) 337-5151	✓
76	63	**Kolon, Bittker & Desmond**, Troy, Mich.	300	400	(25.0)	John S. Kolon, president, coo	(313) 524-2500	
77	61	**Mintz & Hoke**, Avon, Conn.	275	450	(38.9)	Joseph M. Hoke, chmn, ceo	(203) 678-0473	✓
78	71	**Newmark, Posner & Mitchell**, New York	270	240	12.5	Sidney Posner, president	(212) 867-3900	
79	70	**Smith, Badolsky & Raffel**, Chicago	255	300	(14.8)	Robert J. Smith, president	(312) 642-0500	

Notes: Dollars are in thousands. See Page 32 for methodology

(Continued from Page 37)

bulk of their revenue-generating business over more than five clients.

Although 64.3% of respondents have agency-of-record status with clients, it appears to be more of a goal for larger agencies.

"I feel more comfortable having a small number of clients and serving them as best I can," says Harris Brandt, president of Brandt Advertising, a smaller direct-response agency in Woodmere, N.Y.

Mr. Brandt, who has no agency-of-record clients and one client responsible for more than half his volume, says he has never lost a large customer and does not worry about the consequences.

"I recently stopped working for a rather large client . . . only because I felt I wasn't able to do my best work. I was able to actually decline work from them and pick up work from other clients," he says.

Mr. Brandt also finds project work more lucrative for his agency than retainer work.

"I feel I would have to lower my price [as agency of record]. Otherwise what's in it for the client? Why would a client commit to me

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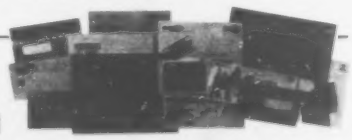

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WHEN RESULTS COUNT.
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When Ryder Truck Rental was ready to move...

WATS Marketing delivered.

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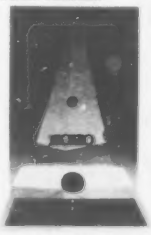
The campaign generated more than 150,000 leads and earned the agency the prestigious "Diamond Echo Award," the Direct Marketing Association's highest recognition. WATS Marketing's professional experience, customer service and high volume capacity brought do-it-yourself movers and Ryder Truck Rental together for the long ride.

Our congratulations and thanks to Ryder Truck Rental and Ogilvy & Mather Direct for allowing us to share in their success. When you're ready to move on your next direct marketing campaign, choose a company whose marketing philosophy is as innovative as your campaign.

Call Dan Randone at WATS Marketing, 1-800-351-1000.



The Direct Marketing Association's Diamond Echo Award

WATS MARKETING
THE NEXT GENERATION OF TELEMARKETING

AMERICAN EXPRESS INFORMATION SERVICES

WATS Marketing

on an annual basis if he could get the work cheaper?"

With project work, he says "I don't have to drop my price [on] project."

Kobs & Draft, Chicago, has agency-of-record status with 15 of the 20 corporate clients it has maintained over 1989 and 1990.

"Being agency of record gives us an opportunity to be more of a marketing partner [with the client]," says Sid Liebenson, the agency's exec VP-director of marketing. "The alternative is getting just a few projects and not having a good client relationship."

But agency-of-record status does not guarantee a steady cash flow, says Mr. Liebenson, who says his agency charges the same amount for project work as it does for work done on retainer.

Kobs & Draft did see more activity from agency-of-record clients than from others last year, says Mr. Liebenson, but "in a tough economy everybody's going to get burned."

Having agency-of-record status, however, "does mean that if there would be any work, we get it," he says.

—Peg Masterson

Rank '90	Rank '89	Agency, headquarters	Direct-response volume 1990	1989	% chg	Top executive	Telephone	Signed
80	72	**Lavey, Fuller & Perkins Advertising/Marketing,** Chicago	$237	$237	(0.0)	James P. Perkins, president	(312) 440-1818	
81	69	**McCaffery & Ratner,** New York	200	300	(33.3)	Samuel I. Ratner, chmn	(212) 661-8940	
82	73	**Letven/Diccicco,** Horsham, Pa.	195	220	(11.3)	Edward Letven, ceo	(215) 957-0300	✓
83	79	**Holtzman & Silverman Communications.,** Farmington Hills, Mich.	143	123	16.3	Timothy Smith, vp	(313) 851-9600	✓
84	78	**HSA Advertising,** Philadelphia	120	130	(7.9)	Michael Schwartz, president	(215) 546-8000	
85	81	**Reimel Carter Advertising,** Philadelphia	113	110	2.7	T.L. Reimel, president	(215) 735-3200	
86	88	**Kopf Zimmermann Schultheis,** Melville, N.Y.	110	85	29.4	Arthur Zimmerman, president	(516) 293-6115	✓
87	89	**Steen Advertising Corp.,** Elmont, N.Y.	106	82	29.3	Norman Steen, president	(516) 285-3900	
88	82	**Price McNabb Advertising,** Asheville, N.C.	100	109	(7.7)	Charles R. Price Jr., chmn	(704) 255-2600	✓
89	83	**Gearon Hoffman Conlon & Nye,** Boston	100	100	0.0	Bob Conlon, chmn, cd	(617) 247-1522	✓
90	77	**Stan Merritt Advertising,** New York	100	150	(33.3)	Stan Merritt, president, ceo	(212) 867-4650	
91	84	**Nemer, Fieger & Associates,** Minneapolis	100	100	0.0	James Fieger, president	(612) 925-4848	✓
92	85	**Potter Hazlehurst,** East Greenwich, R.I.	100	100	0.0	Thomas Hazlehurst, chmn	(401) 885-7299	✓
93	87	**J. Malek Inc.,** New York	93	90	3.3	Judith Malek, president	(212) 465-9304	✓
94	NA	**A.I.M.,** Foster City, Calif.	81	NA	NA	James H. Fieler, president	(415) 349-5555	✓
95	90	**Hitchins Co.,** Canoga Park, Calif.	60	51	17.6	William E. Hitchins, president	(818) 715-0510	✓
96	86	**Tri-State Advertising Co.,** Warsaw, Ind.	55	100	(44.8)	William L. Kreicker, president	(219) 267-5178	✓
97	75	**McKinney Inc.,** Philadelphia	30	168	(82.4)	Frank W. Callahan, president, ceo	(215) 922-2635	
98	94	**Swanson Russell Associates,** Lincoln, Neb.	24	9	166.7	Steve Russell, president	(402) 475-5191	
99	93	**Elkman Advertising & PR,** Bala-Cynwyd, Pa.	22	13	67.9	Stanley Elkman, chmn	(215) 668-1100	✓
100	92	**Tepe, Hensler & Westerkamp,** Cincinnati	21	19	8.2	George Hensler III, president	(513) 241-0100	✓

Notes: Dollars are in thousands. See Page 32 for methodology.

The '2%' solution gets diluted

Agencies that repeatedly trot out the 2% return rate as the benchmark of a successful direct-response campaign should stay on their toes. Some direct-response executives are becoming cynical of waving such a general measure before clients.

For years, a 2% return has been touted as the benchmark for judging a direct-response effort's success. The *Advertising Age* direct-response agency survey asked if that measure still holds true. The answers brought up an interesting contradiction and raked in more impassioned write-in replies than any other question.

Almost 40% of respondents say they still consider a direct-response campaign successful if it pulls a response rate between 1% and 2.9%.

Yet the industry is too complicated and sophisticated for such a simplistic guideline, according to more than a few respondents.

The 2% rate "was a myth from the beginning and a myth that should be laid to rest," says Murray Bowes, chairman-ceo of Bowes Dentsu & Partners, Los Angeles.

Other direct marketers agree.

"Success should be defined on the basis of net profitability of the advertising campaign for the client," says Ron Greene, principal and managing director of Devon Direct Marketing & Advertising, Berwyn, Pa.

"Net profitability is dependent upon such variables as margins, pricing and overall elements of the campaign," Mr. Greene says.

A campaign generating an apparently high return rate of 25% might not make money if other factors are not in line, says another respondent.

Let the client beware if he hears what Mr. Bowes calls the "2% illusion. To say that is a goal in every campaign makes no sense. I don't know how it ever got started."

—Nan O'Neil

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